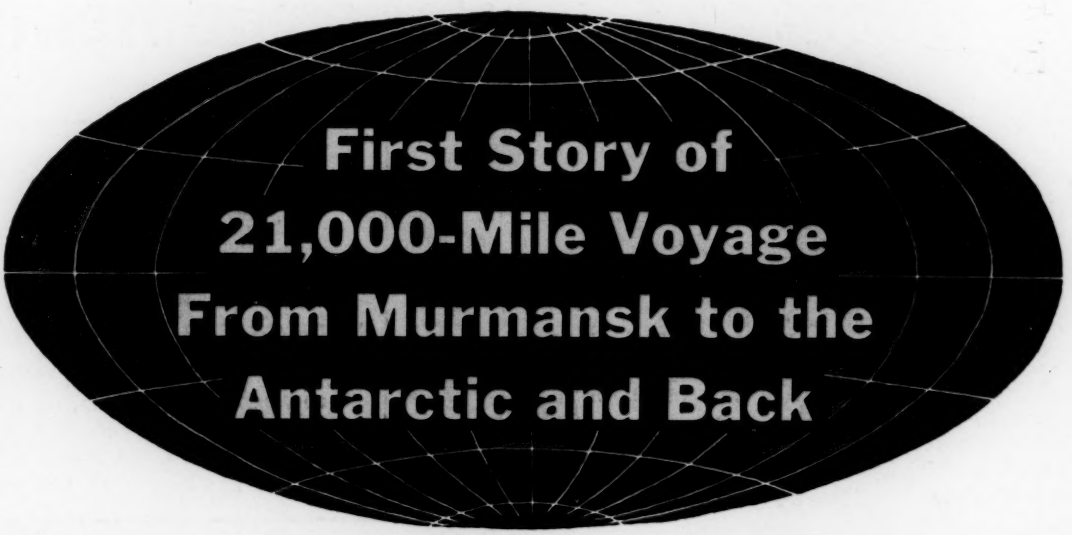
SEPTEMBER 9, 1955 20 CENTS

U.S. News & World Report

WHO IS TO GET THE TAX CUT

EXCLUSIVE—

SECRET CRUISE OF A RUSSIAN SUBMARINE



Photograph by Holland

"Where does all the color come from?"

Now is the time of year when Mother Nature achieves one of her greatest color triumphs. Appyling her special color chemistry, she transforms the summer greens of her foliage into brilliant autumnal hues of red, orange and yellow.

But nature's triumph is fleeting. To produce *lasting* colors, man applies his own scientific chemistry. As a leading manufacturer of dyes and pigments, American Cyanamid has developed a broad array of synthetic colors that not only rival nature's for beauty but far surpass them for permanence. Cyanamid's *vat dyes*, for example, are among the most permanent ever produced. Fast to sunlight, washing, dry cleaning, perspiration, abrasion and other color hazards, *vat dyes* are being used by the textile industry to make many of your garments and household fabrics stay bright and beautiful longer than ever before.

Color is an important part of almost everything you buy or use. It is one of the many fields in which Cyanamid chemistry, working closely with many industries, is helping to bring you greater values.

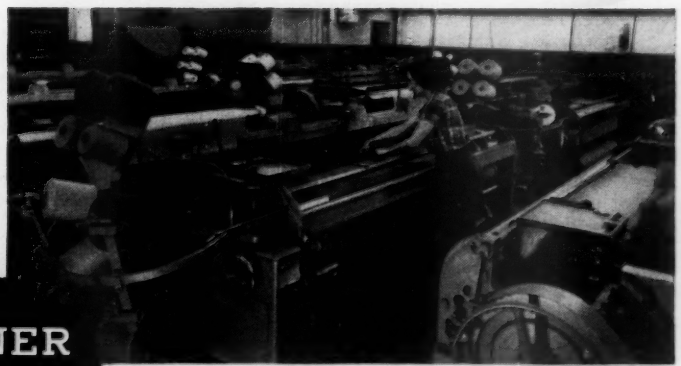
AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N.Y.

If there isn't going to be any business 1, 5, 10 years from now, we might as well all throw in the sponge now and go fishing. But if there *is* going to be any business—a lot or a little—who's going to get it?

The low-cost plant.

So, unless you're getting ready to quit, better get ready to be that low-cost plant. We can help. We are helping many companies cut turning costs as much as 40%.



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WARNER & SWASEY
Cleveland
PRECISION MACHINERY SINCE 1880

YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

IN THIS ISSUE

★ Where Segregation Is Ending in the South

It isn't generally known, but there are towns and counties in the South where segregation in public schools will be ended this month. Here are the results of a survey of 17 Southern and Border States, showing mixed schools planned this term in at least parts of nine States. For the details, turn to page 30.

★ What Are the Chances for New Roads?

Pressures in Congress wrecked chances of passing a highway bill this year. Is the opposition so strong that no bill can pass in '56? A look behind the scenes, page 52.

★ Space Travel: A Preview by Rocket Experts

For a practical glimpse of what space travel will be like, and when it will come, see this interview with top scientists of the Army who actually deal with problems of rocket flight. Page 62.

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NHW 26

THE UNITED STATES NEWS

WORLD REPORT

U. S. WEEKLY
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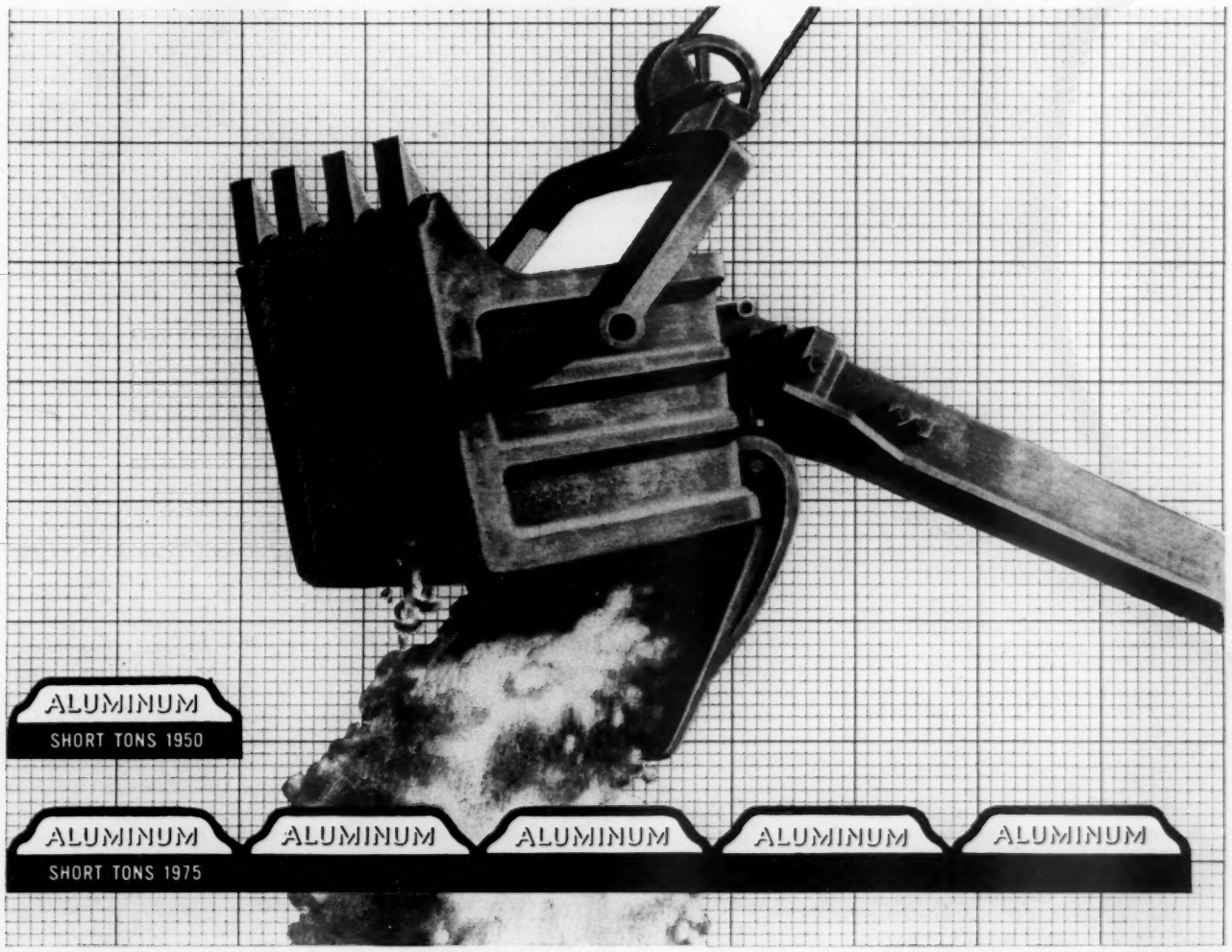
How much bauxite...in 1975?



Bauxite is the raw material from which aluminum is derived and a careful study projects a demand for aluminum in 1975 of *4,500 thousand short tons—nearly 5 times 1950 consumption.**

This estimate takes into consideration the rapidly developing new uses for versatile aluminum as well as the expanding materials needs of America's growing population. It suggests the possibilities of growth for the 20,000 corporations that make up the aluminum industry from the producers of primary metal to fabricators, distributors, users and sellers of aluminum products.

An indispensable ingredient of business success is a banking arrangement flexible enough to take care of short and long term requirements . . . adaptable to unusual opportunities.

The Bank of New York, with 171 years of commercial banking experience, has served aluminum producers as well as the construction, manufacturing, transportation and retailing industries that use or sell aluminum during the past decades of expansion.

The knowledge and facilities of this Bank are geared to the competitive needs of corporations in today's expanding economy.

*Estimate taken from *A Report to the President by The President's Materials Policy Commission*

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New York's First Bank • Founded 1784

Main Office: 48 WALL ST. ☆ *Uptown Offices:* 513 FIFTH AVE. ☆ MADISON AVE. AT 63rd ☆ MADISON AVE. AT 73rd
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(Advertisement)

HOW TO SAW A WOMAN IN HALF

by
J. P. Van Winkle
President
Stitzel-Weller
(Old Fitzgerald)
Distillery
Louisville, Kentucky
Established 1849

In my book the only *real* sucker is the fellow who believes there's one born every minute.

Barnum didn't believe it either!

You knew the woman wasn't sawed in half. And Barnum *knew* you *knew* it.

For fifty cents he let you in the tent to figure out how he did it.

Most anybody will pay fifty cents for the fun of being fooled. Some may even pay a dollar. Above that, the pickings get mighty slim.

Mind you, this applies *only* to show business. It won't work in other businesses even at the nickel level.

Take our specialty, for instance...

Our small family distillery has been making and aging one old-fashioned Kentucky Sour Mash Bourbon for over a hundred years.

In that time a thousand brands have come and gone. One after another, the small Kentucky independents, have teamed up with "Big-Liquor," or de-hooped their tubs.

Meanwhile, as one of the few remaining independents we've kept our still abubblin'. Why have we survived?

Primarily, because there's no trace of "Barnum" in our bottles! We haven't depended on a new crop of suckers to absorb our limited production.

Our slow, old-fashioned method of distilling is the costliest in the world. And when you put out *that* kind of money you're not after being fooled.

If you'll inquire around a bit we believe you'll find our customers are tremendously loyal.

They'll tell you OLD FITZGERALD comes closer to fitting their taste than any bourbon they've ever tried. It's this "survival-of-the-fittest" flavor that has preserved our independence through more than a century.

We invite you to join the inner circle of business hosts who have discovered the authentic character of our OLD FITZGERALD, and find it good business to share, in moderation, with associates and friends.

Bonded 100 Proof Original Sour Mash Kentucky Straight Bourbon

The March of the News

U. S. STRIKES BACK

ONE SATELLITE COUNTRY, apparently, had not gotten the word from Moscow. While most of the Iron Curtain parted a bit in the spirit of good will that was generated at the Geneva Conference, Hungary didn't join in. Hungarian police continued to harass local employes of the U. S. Legation in Budapest, and to discourage Hungarians from calling at the American information center there.

Last week, U. S. officials lost patience, directed the Hungarian Legation in Washington to "cease forthwith" all information activities carried on outside of the Legation premises.

SELLING SURPLUSES

SECRETARY OF AGRICULTURE Ezra Taft Benson had a selling job to do on a 17-day tour of six European countries. The "merchandise" was composed of big U. S. farm surpluses. In Great Britain, Denmark, the Netherlands, France, Italy and Switzerland, the Secretary planned to explain that the U. S. cannot hold its farm commodities out of world markets indefinitely, while other countries are selling all of theirs. However, during his first stop, in Britain, Mr. Benson assured London officials that this country would not put commodities on the market in such quantities as to disrupt world prices.

CROWDED CLASSROOMS

RINGING SCHOOL BELLS summoned more than 32 million pupils back to badly crowded classrooms. Last year was the biggest school-building year in the nation's history, with 60,000 new classrooms built. That was enough space to take care of this year's 1.5 million new pupils. But it still left a deficit of 250,000 classrooms needed to relieve overcrowding and to replace obsolete buildings. Construction must be boosted to 100,000 classrooms per year, federal officials estimate, if State goals are to be met by 1959.

VACCINE AND POLIO

AS THE POLIO SEASON approached its peak, health officials made these reports:

New York State authorities revealed that "not one" case of paralytic polio occurred among 118,000 children in the State who got the full course of three Salk vaccine shots in 1954.

The U. S. Public Health Service reported 2,279 new polio cases in one week —the highest weekly total so far this year. Total cases for 1955 hit 14,140, nearly 3,000 fewer cases than the 1954 total for the same period.

Dr. C. C. Dauer, of the Public Health Service, predicted that 1955 would be "an ordinary polio year," with fewer cases than occurred in the big epidemic of 1952, but more cases than in the mild polio years 1950 and 1951.

Boston and 21 other cities and towns in Massachusetts postponed school openings because of the polio epidemic there. But federal officials declared: "A definite peak in incidence appears to have been reached in the New England States."

DEFENDING MARK CLARK

THE FOLLOWING LETTER was received last week from Franklin S. Riley, Jr., of Pittsburgh, Pa.:

"Editor, *U. S. News & World Report:*

"I am not in the habit of 'opening an old wound' but an article in your September 2 issue has aroused me to the point of writing you about it.

"On page 66 there is a statement in the Kesselring interview which reads '. . . If the U. S. general who ordered that attack (Gen. Mark W. Clark) had been under my command, I would not have treated him very politely.'

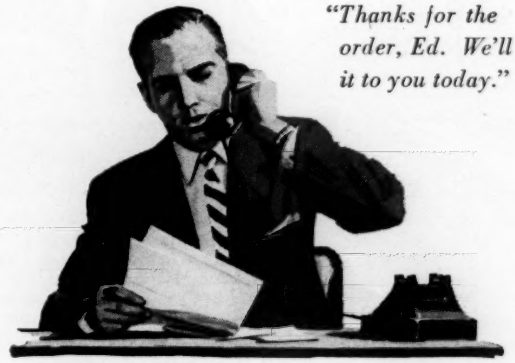
"Undoubtedly your files will show the many hearings which were held in connection with the 36th Division crossing of the Rapido River and how finally General Clark was cleared of any so-called guilt.

"But, my point is that General Clark was ordered to make that attack. Quoting from his book, 'Calculated Risk,' page 279, it reads: '. . . My superiors . . . General Wilson and General Alexander both spoke out saying that they had instructed me to order the attack and approving my course of action.'

"True, the actual order to the troops came from General Clark, but he received his instructions from the British leaders above him. In all fairness to General Clark, with whom I served in Italy and more recently as his News Transmission Chief for the Public Information Office, Far East Command, Tokyo, I feel an editor's note following the Kesselring statement would have been appropriate.

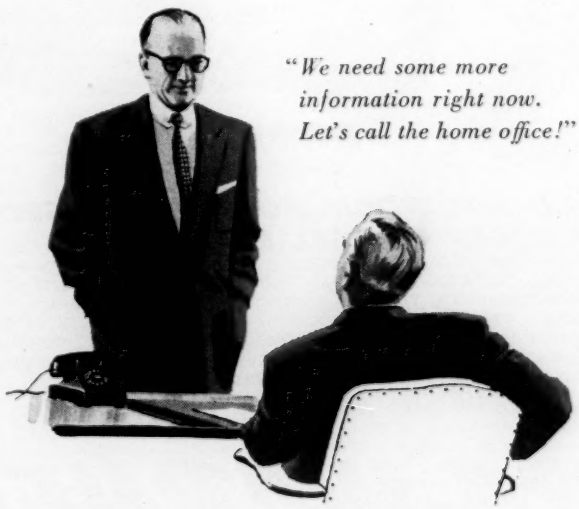
"I might add that after fighting as an infantryman from Anzio to Trieste, I thoroughly enjoyed the Kesselring article and was quite interested in his viewpoints on that 'Forgotten Front.'

Sincerely yours,
FRANKLIN S. RILEY, JR."



"Thanks for the order, Ed. We'll ship it to you today."

"Inventory's low on both items. We'll need a hundred of each by Tuesday."



"We need some more information right now. Let's call the home office!"

Get it done now by Long Distance

Whether the job is selling, purchasing, administration or anything else, Long Distance is ready to help you get it done *fast*.

So use Long Distance regularly to keep in touch with out-of-town customers and prospects—and with your own sales force, branch offices and other company units. It's easy to do. Personal. Low in cost. *And it gets results.*

You'll find that's true whatever you make, whatever you sell. Thousands of firms have proved it. We have many specific suggestions based on their experience and we'd like to pass them along to you. Just call your Bell Telephone Business Office.

LONG DISTANCE RATES ARE LOW

Here are some examples:

New York to Philadelphia	**50¢**
Baltimore to Pittsburgh	**80¢**
St. Louis to Cincinnati	**$1.00**
Atlanta to Chicago	**$1.35**
Los Angeles to Detroit	**$2.35**

These are the daytime Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

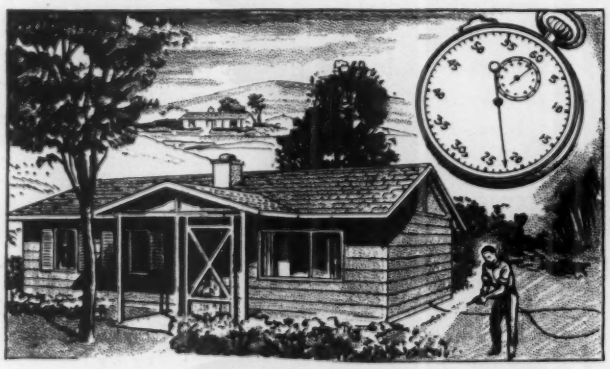
CALL BY NUMBER. IT'S TWICE AS FAST.

BELL TELEPHONE SYSTEM

OUT OF THE DEPTHS-- "FLYING TORPEDO" THAT STRIKES FAR INLAND!

RIPLEY'S

MOMENTS AFTER A SUB SURFACES, THE CREW CAN HAVE THIS REGULUS "FLYING TORPEDO" ON THE LAUNCHING PLATFORM. FROM THERE, IT TAKES OFF ON ITS ELECTRONICALLY CONTROLLED FLIGHT TOWARD A DISTANT INLAND TARGET, AS THE SUB DIVES FOR SAFETY. TO ATTAIN THE HIGH SPEED AND ALTITUDE THAT ARE VITAL, THIS MISSILE MUST HAVE A DEPENDABLE SUPPLY OF FUEL FOR ITS POWERFUL JET ENGINE. SO A SPECIAL **B-W PESCO** PUMP HAS BEEN CHOSEN FOR THE TASK. OF UNIQUE, PATENTED CONSTRUCTION, IT ADJUSTS **AUTOMATICALLY** TO MAINTAIN MAXIMUM FUEL FLOW UNDER THE MOST ADVERSE CONDITIONS.



IN 1955 ... A NEW HOUSE STARTED EVERY 22 SECONDS!

THE 1,450,000 HOMES STARTING THIS YEAR ARE CREATING A TREMENDOUS DEMAND FOR APPLIANCES, FURNACES, INSULATION, AIR CONDITIONING AND OTHER B-W PRODUCTS. FOR EXAMPLE, THE NATION'S LARGEST PRODUCER OF HOMES ALONE WILL USE OVER 20,000 BATH TUBS FROM **B-W'S INGERSOLL PRODUCTS**. THEY'RE STRONGER THAN ORDINARY TUBS, YET 2/3 LIGHTER, FOR EASY ONE-MAN INSTALLATION ... AND FINISHED WITH A UNIQUE SUPER-LUSTROUS, FADE-PROOF AND STAIN-RESISTANT ENAMEL.

WILD MEN FROM BORNEO HAD SECRET OF MODERN DIESEL ENGINE!

CENTURIES AGO BORNEO NATIVES LIGHTED FIRES BY DEPRESSING A WOODEN PLUNGER IN A SMALL CYLINDER CONTAINING TINDER. THE AIR INSIDE GOT SO HOT A FIRE WAS STARTED. THIS SAME PRINCIPLE IS USED IN MODERN DIESEL ENGINES. PRIMITIVE MAN CAME UPON THIS IDEA ACCIDENTALLY, BUT TODAY AMERICA CAN'T LEAVE TECHNICAL PROGRESS TO CHANCE. 40,000 NEW ENGINEERS ARE NEEDED YEARLY. INTERESTED HIGH SCHOOL STUDENTS SHOULD CONSULT THEIR SCIENCE TEACHERS NOW.

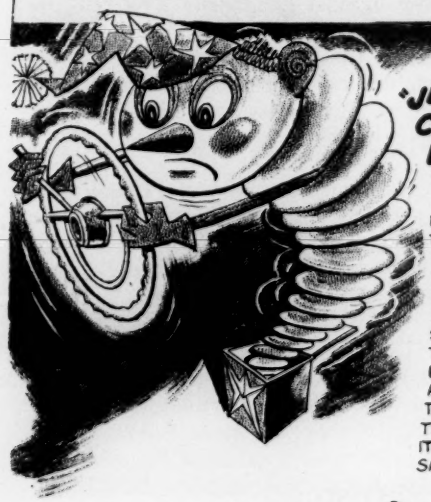
185 PRODUCTS IN ALL ARE MADE BY BORG-WARNER

Believe It or Not!

ENGINEERING B-W PRODUCTION

BORG-WARNER SKILL AND INGENUITY BENEFIT ALMOST EVERY AMERICAN EVERY DAY THROUGH THE AUTOMOTIVE, AVIATION, MARINE, FARM MACHINERY AND HOME EQUIPMENT FIELDS!

*19 OUT OF THE **20** MAKES OF CARS CONTAIN ESSENTIAL **B-W** PARTS. EVERY COMMERCIAL PLANE AND MANY SHIPS HAVE VITAL **B-W** COMPONENTS. **9** OUT OF **10** FARMS USE **B-W** EQUIPPED MACHINES. MILLIONS ENJOY **B-W** HOME EQUIPMENT AND APPLIANCES.*



"JUMPING JACK" SHIFTS CAN'T HAPPEN WITH B-W AUTOMATIC TRANSMISSIONS!

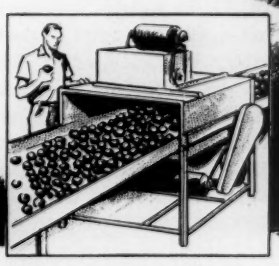
IN A CAR EQUIPPED WITH A B-W AUTOMATIC TRANSMISSION, EACH SPEED RANGE BLENDS INTO THE NEXT SO QUICKLY THERE IS NO INTERRUPTION OF POWER TO CAUSE JERKINESS. YOU CAN'T EVEN TELL WHEN IT SHIFTS! ACCELERATION IS ALWAYS IN ONE, CONTINUOUS SURGE FROM STANDING START TO FULL CRUISE. THE UNIQUE B-W WAY OF COMBINING AUTOMATIC GEARS AND A TORQUE CONVERTER MAKES THIS SMOOTHNESS POSSIBLE. IT ASSURES REAL GAS SAVINGS, TOO.

IN OLD POMPEII -- THE HOTTEST THING IN WATER HEATERS!

THIS FIRST-CENTURY APPLIANCE HEATED A TANKFUL OF WATER STEAMING HOT BY CIRCULATING IT THROUGH THE HOLLOW WALLS ENCLOSING THE FIREPOT. MANY HEATERS STILL WORK INDIRECTLY LIKE THIS, HEATING METAL WALLS FIRST, THEN THE WATER. BUT IN **B-W NORGE** ELECTRIC WATER HEATERS SUBMERGED COILS HEAT THE WATER DIRECTLY...AND FAST. NO CURRENT IS WASTED HEATING METAL TANK WALLS.

POLISHING ON A "SECOND SKIN" TO MAKE FRESHNESS LAST!

NOW AN UNUSUAL MACHINE HELPS FRUITS AND VEGETABLES STAY FRESH UP TO TWICE AS LONG! SOFT-BRISTLED BRUSHES POLISH ON A PROTECTIVE WAX COATING THAT SEALS IN VITAL MOISTURE. DEPENDABLE CHAIN DRIVES FROM **B-W'S MORSE CHAIN** TRANSMIT THE POWER NEEDED TO SHRED THIS SPECIAL WAX, REVOLVE THE BRUSHES AT CONSTANT SPEED. SMOOTH-ACTING, YET RUGGED, THESE DRIVES MAKE POSSIBLE THE HIGH-SPEED PROCESSING OF OVER 125 BUSHELS EVERY HOUR.



These units form BORG-WARNER, *Executive Offices, 310 S. Michigan Ave., Chicago.* **DIVISIONS:** ATKINS SAW • BORG & BECK • CALUMET STEEL • DETROIT GEAR • FRANKLIN STEEL • HYDRALINE PRODUCTS • INGERSOLL CONDITIONED AIR • INGERSOLL KALAMAZOO • INGERSOLL PRODUCTS • INGERSOLL STEEL • LONG MANUFACTURING • MARBON CHEMICAL • MARVEL-SCHEBLER PRODUCTS • MECHANICS UNIVERSAL JOINT • NORGE • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR • WOOSTER DIVISION • **SUBSIDIARIES:** BORG-WARNER ACCEPTANCE CORP. • BORG-WARNER INTERNATIONAL • BORG-WARNER, LTD. • BORG-WARNER SERVICE PARTS • LONG MANUFACTURING, LTD. • MORSE CHAIN • MORSE CHAIN OF CANADA, LTD. • REFLECTAL CORP. • WARNER GEAR, LTD. • WAUSAU MANUFACTURING CO. • WESTON HYDRAULICS, LTD.

Washington Whispers®

[Items appearing on this page are reported in Washington and other news centers]

Russia's Farm Boss "On the Spot" . . . Reds Testing U. S. In Indo-China? . . . Ike Seeks Jobs for Depressed Areas

Carmine DeSapio, New York Democratic leader, is said to be looking for a way in which Governor Averell Harriman can gracefully get out of his pledge to support Adlai Stevenson for the Democratic presidential nomination. Mr. DeSapio supports the New York Governor for the nomination.

★ ★ ★

Chiang Kai-shek, in Formosa, still hopes to make sure that his son, Lieut. Gen. Chiang Ching-kuo, eventually will succeed him. The son now is reported to pick generals for promotion and operate a system of anti-Communist political commissars in the Nationalist Army. American officers in Formosa object to the system but can do nothing about it.

★ ★ ★

Marshal Tito of Yugoslavia is running into trouble at home as a result of his recent friendly gestures toward Moscow. A good many top Yugoslav officials, who supported Tito when he split with Moscow, now are fearful of their jobs.

★ ★ ★

Governor Goodwin J. Knight of California is being backed by some unions of the American Federation of Labor for the Republican vice-presidential nomination in 1956. The latest move was for some 30 union leaders to stage a dinner in Chicago in honor of Governor Knight.

★ ★ ★

Some of the equipment that the Russians delivered to Austria's oil fields as a result of the recent peace treaty was made in America. U. S. officials think it was originally shipped under the wartime Lend-Lease program.

★ ★ ★

Egyptian Premier Gamal Abdel Nasser is in trouble again because of the uprising in the Sudan. Sudanese once seemed reconciled to becoming a part of Egypt but now want independence. Premier Nasser and his group of officers who run Egypt are being blamed by other Army leaders for the turn of events in the Sudan.

★ ★ ★

John Foster Dulles, Secretary of State, is again worried about the situation in Laos. The Communists in this Southeast Asian country have stepped up their attacks against the Government. Mr. Dulles fears that Communists are trying to see how far they can go in military attacks and get away with it.

★ ★ ★

Vladimir Matskevich, the leader of the Russian farm delegation to the U. S. and Canada, apparently is facing a tough job back in Russia. He is believed to have been nominated by the Kremlin as the man who must solve Soviet Russia's agricultural problem. That problem cost Georgi Malenkov his job as Premier.

★ ★ ★

Mamoru Shigemitsu, Japan's Foreign Minister, hopes to strengthen his political position in Japan through his trip to the United States. In fact, that was one of the major reasons for his journey.

★ ★ ★

A number of U. S. military officers received medals from Soviet Russia during and after World War II that entitled them to monthly stipends, payable in rubles. Some of them are wondering whether they can claim the stipends now that an "era of good feeling" between Russia and the U. S. may be in the making.

★ ★ ★

Senator Herbert Lehman (Dem.), of New York, is reported to be planning another investigation of the investment business. The subcommittee that Senator Lehman heads has its eye on proxy fights over control of corporations—also on trading in securities not listed on stock exchanges.

★ ★ ★

Ho Chi Minh, Communist leader of Indo-China, is stepping up his pressure against Cambodia. His purpose is said to be an attempt to win forthcoming Cambodian elections by frightening the present anti-Communist Government.

★ ★ ★

President Eisenhower has asked aides to try to come up with some program for correcting employment conditions in areas that are still depressed despite generally booming business.

★ ★ ★

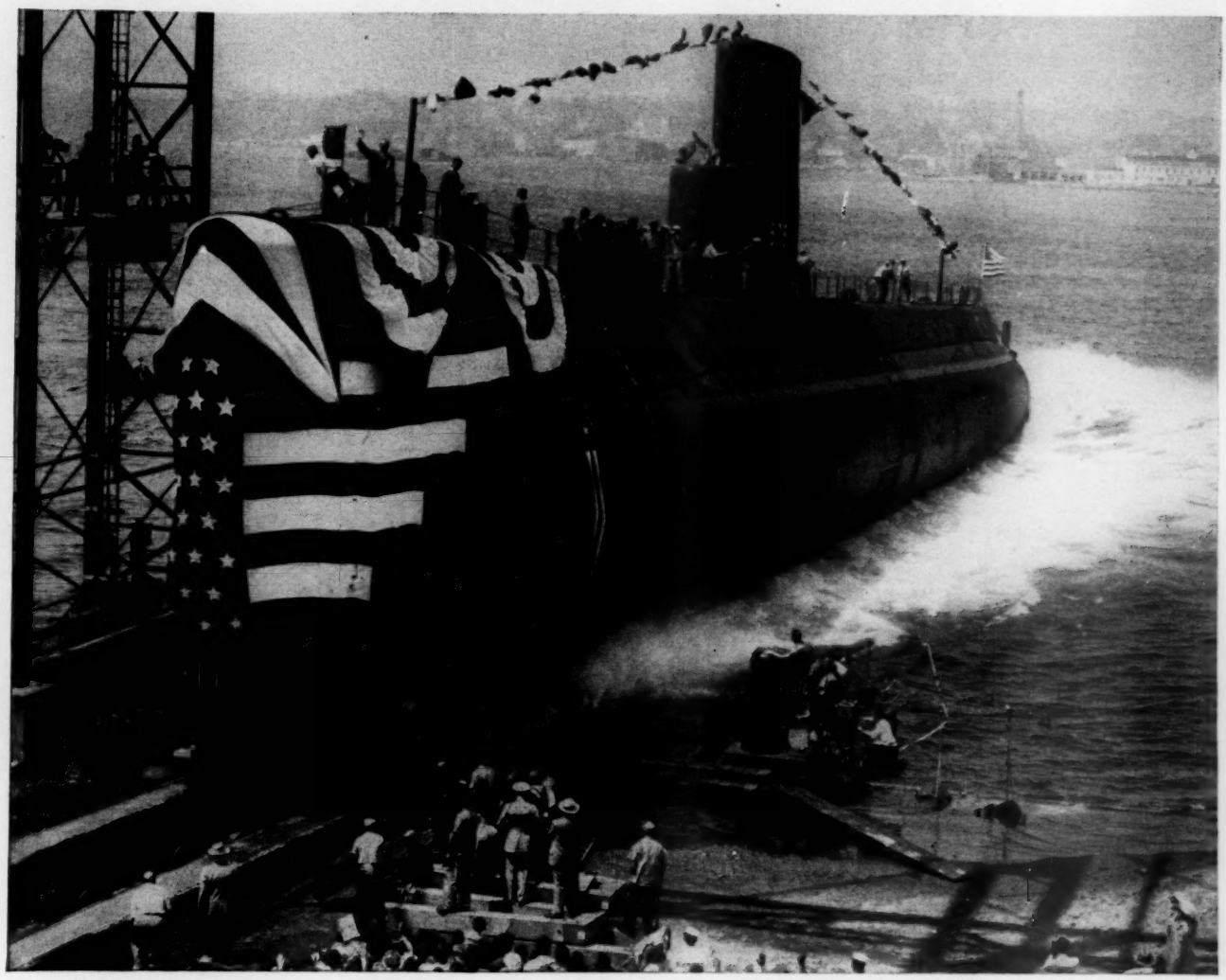
Both employers and unions are concerned about the vacancy on the National Labor Relations Board left by the retirement of Guy Farmer. The Board, now consisting of two Eisenhower appointees and two Truman holdovers, is evenly split on most issues. The next appointee will tip the balance.

★ ★ ★

Maxwell Rabb, Mr. Eisenhower's Secretary to the Cabinet, got so many assignments from the summer White House that he decided to spend his vacation within driving distance of Denver.

★ ★ ★

Mátyás Rákosi, Communist boss of Hungary, has asked Premier Tito of Yugoslavia for an invitation to Belgrade, following the line recently taken by Moscow. But Tito is demanding payment of 200 million dollars for damages he claims Hungary inflicted on Yugoslavia, during the Communist boycott, before he makes any friendly gestures.



Launching of the "Seawolf" at the Electric Boat Division, General Dynamics, Groton, Connecticut.

Molten Metal Will Flow Through This Atom Sub's Heart

She's the SEAWOLF—America's second giant atom-powered submarine. She can cruise for extended periods below the ocean's surface, thanks to the powerful nuclear reactor at her heart. The vital heat that generates the SEAWOLF's power is carried from the reactor to it's boilers for steam production by molten sodium, one of the best heat conductors known.

Last year more than 250 million pounds of metallic sodium were produced in the United States. Largest producer for open market sales is U. S. Industrial Chemicals Co., a division of National Distillers, and a pioneer in sodium research.

Beside its use as a heat transfer agent, sodium's high reactivity makes it important as a chemical raw material. It is basic to the manufacture of antiknock gasoline, many dyes, detergents, drugs and insecticides. Sodium is used in the manufacture of titanium metal—vital to jet engines and airframes—and other metals are descaled or de-oxidized with sodium.

This versatile chemical is just one of the many products of the U. S. I. Division. Others include polyethylene, the new wonder-plastic, ammonia and sulfuric acid for industry and agriculture, industrial alcohol and solvents for a thousand applications, feed supplements, pharmaceuticals and petrochemicals.

National Distillers Beverage Division of course continues the production of noted liquors. Listed below are a representative few.

National Distillers Products Corporation

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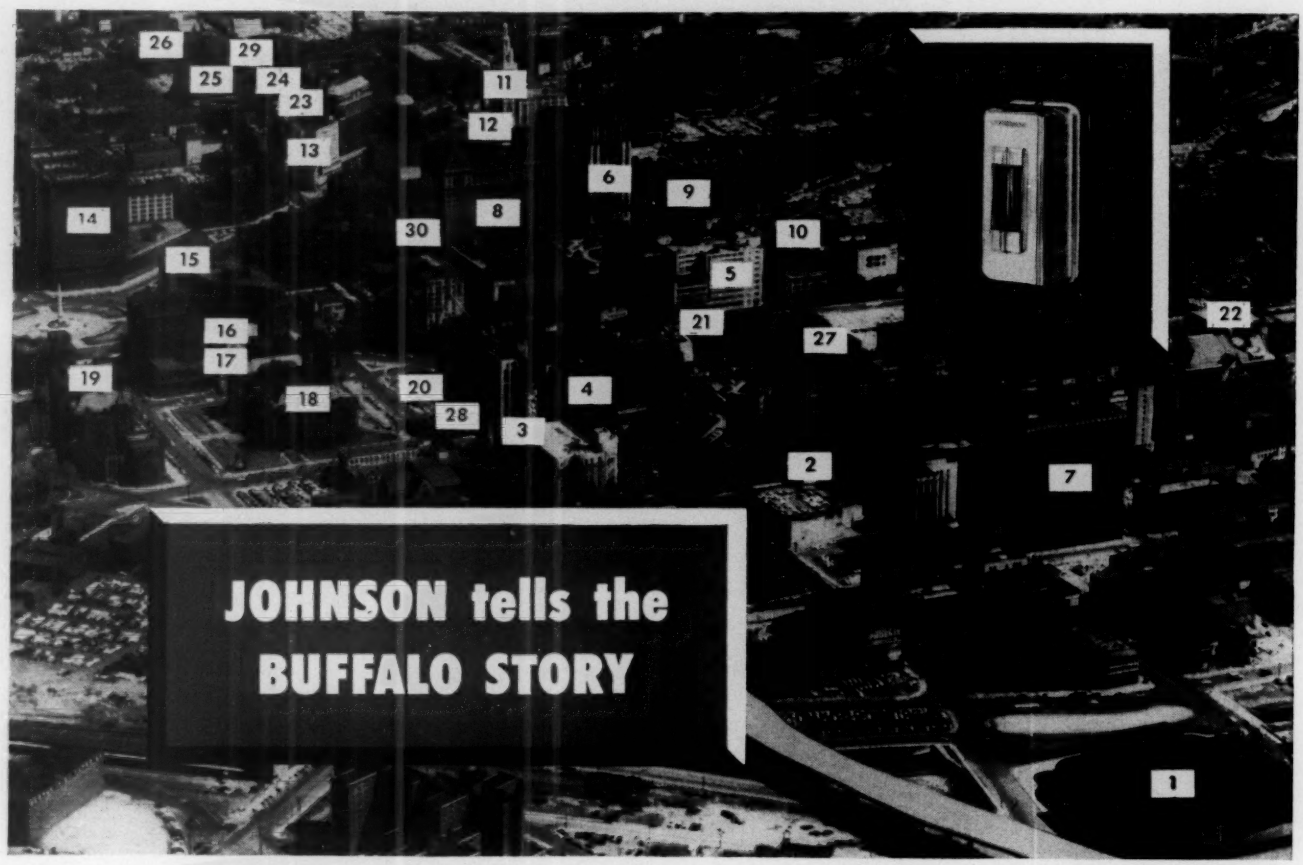
Kentucky Whiskies: **OLD GRAND-DAD • OLD TAYLOR • OLD CROW • OLD SUNNY BROOK** (BRAND) **• HILL and HILL • BOURBON DE LUXE**

Whiskey: **PM** • • *Blended Whiskey:* **BELLOWS PARTNERS CHOICE, 60% Grain Neutral Spirits, 86.8 Proof**

Blended Scotch Whisky: **KING GEORGE IV, 86.8 Proof** • • *Cordials:* **DeKUYPER**

Gin: **GILBEY'S DISTILLED LONDON DRY GIN, 100% Grain Neutral Spirits, 90 Proof** • • *Canadian Whisky a blend:* **DOMINION TEN, 86.8 Proof**



1—Buffalo Memorial Auditorium. 2—Federal Reserve Bank. 3—New York Telephone Company. 4—Prudential Building. 5—J. N. Adam & Co. 6—Rand Building. 7—Marine Trust Company of Western New York. 8—Liberty Bank of Buffalo. 9—Lafayette Theater. 10—Lafayette Hotel. 11—Niagara Mohawk Power Corp. 12—Wm. Hengerer Co. 13—A. Victor & Co. 14—Statler Hotel. 15—State Office Bldg. 16—Schoellkopf, Hutton & Pomeroy. 17—Univ. of Buffalo Law School. 18—County Court House. 19—City Court Bldg. 20—Monroe Abstract & Title Corp. 21—Bond Store. 22—Frontier Linen Supply, Inc. 23—W. T. Grant Co. 24—Flint & Kent. 25—Paramount Theater. 26—Buffalo Theater. 27—Erie Federal Savings & Loan Association. 28—Iroquois Gas Corp. 29—MacDoel's Restaurant. 30—The Western Savings Bank.

If you are planning a new building or modernizing program, here's an important fact to consider: *the key to insuring ideal indoor temperatures and waste-free operation of your heating and cooling equipment is a modern system of Johnson Automatic Temperature Control.*

It's a simple matter to satisfy yourself that a Johnson System must be the finest obtainable, for you will find Johnson Control in the great majority of all America's better buildings!

BANKS, STORES, OFFICES, SCHOOLS

In Buffalo, for example, all of the important buildings above, and hundreds of others, are equipped with Johnson Control. You'll see the familiar Johnson Thermostats in 5 of the 6 leading banks . . . in 10 of the 11 leading department stores, including Sattler's, Inc., J. N. Adam & Co. and Wm. Hengerer Co. . . . in numerous chain, variety and apparel stores . . . in most of the major office buildings with control . . . in more than 70 schools!

FACTORIES, PUBLIC BUILDINGS, HOSPITALS

Johnson-engineered control systems solve the special temperature control problems of industry. There is Johnson Control in the Buffalo plants of Bell Aircraft, DuPont, Ford, Westinghouse, Worthington, Duffy Silk, Houdaille-Hershey, Niagara Machine & Tool and scores of others! Buffalo's air, rail and bus terminals also depend on Johnson Control. So do leading hotels, clubs and restaurants . . . all the leading theaters . . . a majority of public and government buildings . . . every hospital that has automatic temperature control, including Roswell Park Memorial Institute, Millard Fillmore, Buffalo General and Sisters of Charity hospitals!

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You'll find the Buffalo Story repeated in city after city, *everywhere!* To be sure you get the right temperature control system for *your own building*—one that will insure ideal temperatures and minimum operating costs—look to Johnson.

Whether your building is small or large, old or new, an engineer from a nearby Johnson branch will gladly give you his expert recommendations based on the more than 70 years' specialized experience of the nationwide Johnson organization. There is no obligation. Johnson Service Company, Milwaukee 1, Wisconsin. Direct Branch Offices in Principal Cities.

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A LOOK AHEAD

Newsgram®

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You get now, quite clearly, the line to be taken by the two political parties in the coming campaigns.

Democrats, for their part, will assail the Eisenhower Administration as a Government dominated by "special interest," doing the bidding of big business. Harry Truman lays down the line, now attacks Eisenhower himself.

Republicans will cry "unfair" at this, and dwell on the theme that Eisenhower delivered peace and prosperity. Republicans figure this theme can't miss, count on it to elect Eisenhower, maybe elect a Republican Congress along with him.

Truman, in free-swinging speeches of recent days, has been talking for the benefit of his own party. What he's after is to stir Democrats up, get them in a mood to fight, end any idea of "peaceful coexistence" with Eisenhower.

Democrats in Congress, most of them, have been handling Eisenhower with kid gloves. Political pot shots are aimed at men around Ike, rarely at Ike himself. This worries Truman, who believes Democrats can't win by pulling their punches. Paul Butler, Democratic Chairman, agrees. So do many others.

What Democrats are being told now is that Eisenhower is the man they have to beat, that it's not enough to attack his party or his Administration.

Anti-Eisenhower talk of the last few days is only the beginning.

In Congress, leading Democrats are to be under pressure to investigate the Eisenhower Administration from one end to the other. Butler already is promising disclosures of "substantial corruption," of a new "mess in Washington."

As for Eisenhower, things are getting lined up for 1956. He is taking firm hold of the Republican Party. Eisenhower men are in the saddle in the National Committee, most State and local committees. The party is being made over to Ike's specifications. If he decides to run--and few Republicans doubt he will--the machinery is all set for him. If he decides to quit after one term, he should not have too much trouble naming the party's nominee.

Big Republican worry just now is the farm vote. Farm prices are way off, dropped another 2 per cent in the month from mid-July to mid-August, and there is no promise that the trend will be reversed.

Democrats are getting set to ride this one hard. On the same day the latest drop in prices was announced, Democrats named a special committee headed by Claude Wickard, onetime Secretary of Agriculture, to advise on farm problems. This was the signal for an all-out attack on Eisenhower farm policies.

White House is under Republican pressure to come up with a new program.

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Farm prices have fallen 12.7 per cent since January, 1953, when Republicans took over. Before that, under Democrats, prices had dropped even more--14.7 per cent. Republicans, though, will have trouble putting over the point that the farm price situation was a problem they inherited from Democrats. Voters have a way of taking out their grievances on the party currently in power.

For nearly everybody except farmers, the boom is running strong. Nothing quite like it ever has been seen before. This is the thing that emphasizes the farm problem, makes farmers resentful about their troubles.

To show you the problem: Prices paid by farmers for family living have gone up 2 per cent since 1951. Prices received by farmers for products they sell have gone down 23 per cent in the same four years.

Most prices, other than for farm products, tend to edge upward. Cost of living rose a bit in July for the second straight month.

Auto sales, expected to hit 7 million in 1955 for the first time, are to grow, not diminish, in years ahead. By 1965, annual sales higher than that are expected to be considered a normal thing.

You can figure it this way: In the last quarter of a century, "real" income of the average American, after taxes, has risen 1.6 per cent a year. If this continues, as seems likely, auto sales should exceed 9 million by 1965.

In 1955, the American people are buying an estimated 19.8 billion dollars' worth of new cars. By 1965, they probably will be buying 26.2 billions' worth.

Pressure for more and better highways will keep growing. Figures show why.

Today, automobiles on the road number 51 million, and highways are inadequate. By 1965, there will be more than 67 million cars. This 32 per cent rise is the latest official projection.

Just to replace old cars, 1965 sales should reach 5 million. In the past, replacement sales never exceeded 3.5 million cars a year.

In addition, there will be new users, plus an ever-growing number of two-car families. These two groups now account for 2 million cars a year, and this figure is likely to increase considerably in years ahead.

This is just one more measure of how the economy is expected to grow.

New wage agreements in auto industry have meaning for other employers.

A new drive to unionize white-collar workers can be expected. At Chrysler, the CIO got its first layoff-pay plan for office employes. CIO plan is to use this as a major selling point in recruiting white-collar workers in other firms.

Smaller companies can settle sometimes for less than big competitors. American Motors got some concessions. Layoff pay will be delayed a year. Pay raise, first year, is to be 14 cents an hour, 6 cents less than in "Big Three."

Disarmament talks, now going on at United Nations, really are misnamed.

Aim is not disarmament. Nobody expects that. Present goal is simply to try to set the stage for eventual reduction of arms. Even that is not easy.

Soviet Russia is not willing to accept any real inspection. United States will take nothing on faith, will hold out against any plan that fails to provide for arms inspection.

Outlook is that nothing positive will develop very soon.

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– has increased plant investment over 5 times in last 10 years – now more than one half billion dollars

Out from the cities they come . . .

People and industry on the march!
Building homes, business in suburb, town, open country.

Creating a new way of life. And a record demand for telephone service in General Telephone's expanding areas where so much of this migration is taking place.

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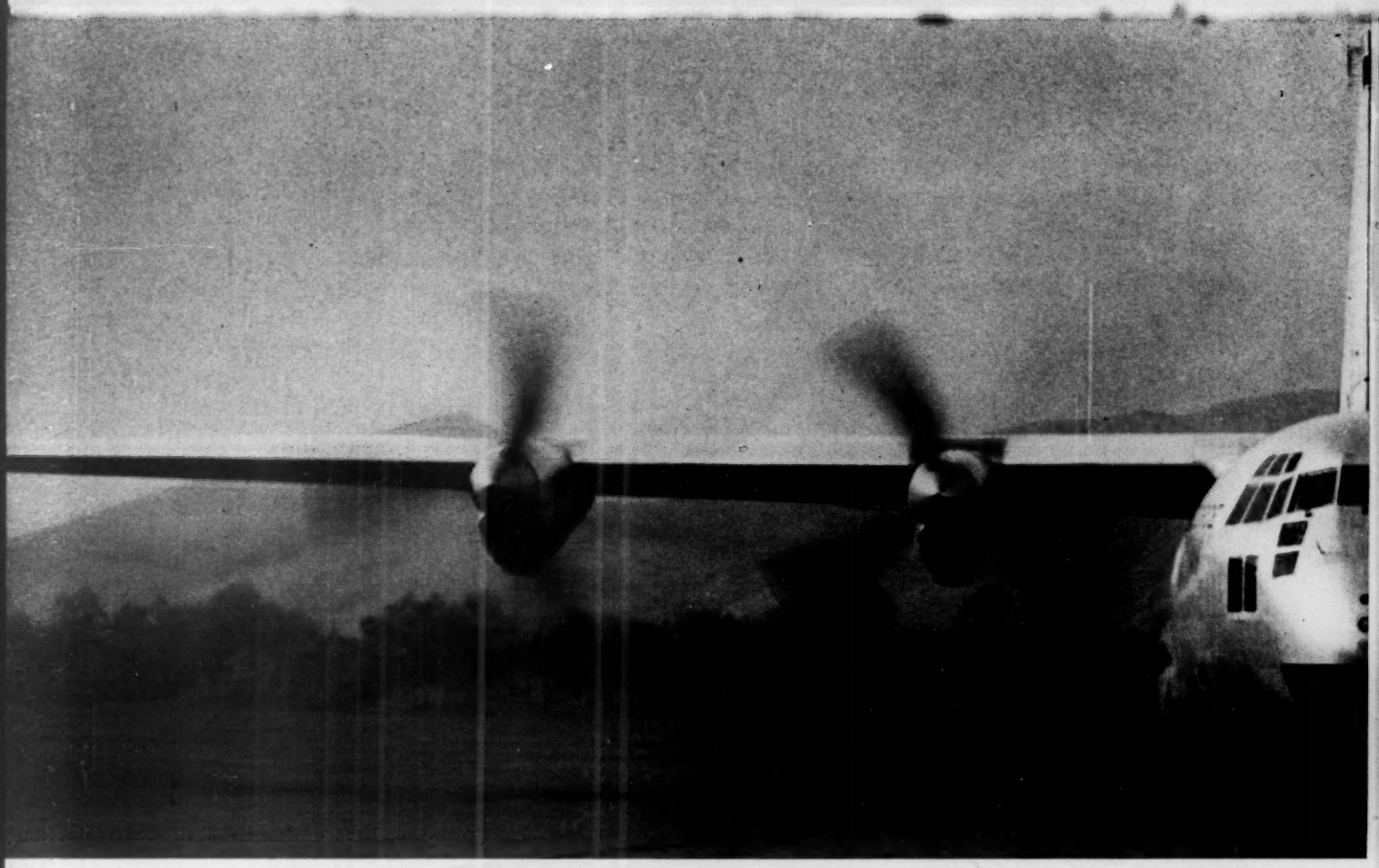


MISSION: TACTICAL AIR MOBILITY. Mobility of men and materiel is a vital problem in the new atomic era. So the Air Force needs a high-speed, low-slung combat cargo plane that can use even short, improvised runways. The new C-130 Hercules with turbo-prop power (Allison T-56 engines) will do this. Now in production at Lockheed's Georgia Division, Marietta, Ga.

A Pentagon Secret

If you were in the vicinity of Alamogordo, Inyokern, Dayton, Muroc Dry Lake or Patuxent River, you would hear new sounds and see strange shapes in the skies. These and other military research centers are constantly testing the new flight forms developed jointly by industry and the military—admirals, generals and thousands of officers and enlisted men.

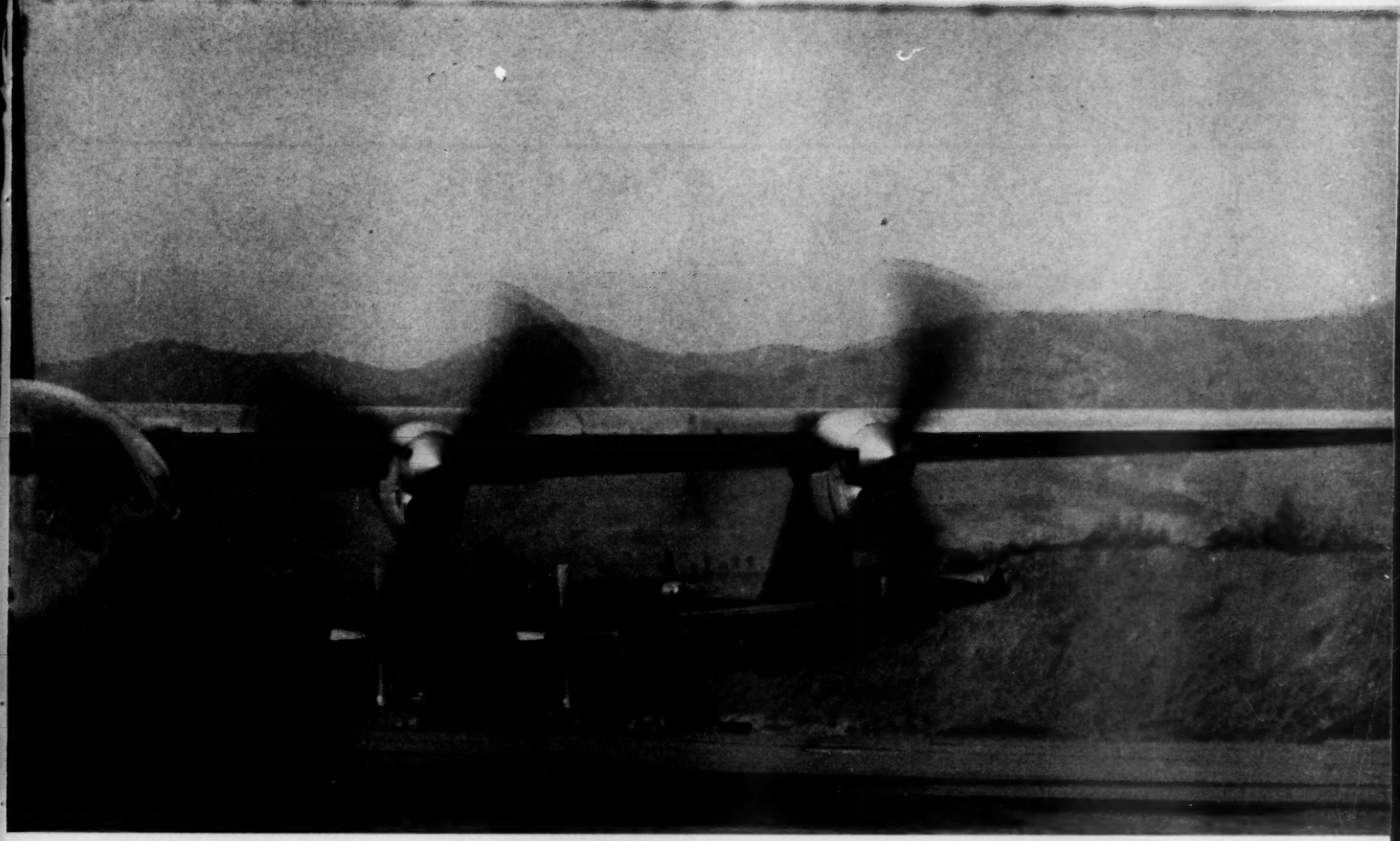
The unique talent of our military executives to mobilize science and industry is the Pentagon secret. In this fast-moving age, our defense needs are ever-changing. This requires new weapons, new aircraft, and whole new concepts of defense. The job of planning and developing these is now the biggest business in the world.

Each new defense device is designed to perform a special and difficult mission. And each originally presented our military executives with a major problem in planning, designing, development and production. Typical of today's defense problems and the machines designed to solve them are the products illustrated on these two pages.

IF YOU'RE A YOUNG MAN, 17 TO 28, INVESTIGATE MILITARY AVIATION AS A CAREER

MISSION: POWER RESEARCH. To prove how even advanced turbo-prop engines could be used on existing air frames designed for piston power, the Navy and Air Force selected Super Constellations (below). Result: these Super Constellations are the world's fastest propeller-driven airplanes, and are now flying for our military. Lockheed is leading the industry in turbo-prop power. Look for the new Lockheed Electra commercial transport with this advanced power. Already ordered in quantity by American Airlines, this advanced airliner promises speeds up to 100 mph faster than commercial transports now in service, and amazing new operating economies for airlines. For travelers throughout the world, the Electra will provide quicker schedules, quieter comfort. Lockheed's vast experience in turbo-prop aircraft will make possible record production schedules.

MISSION: MISSILE SUPREMACY. Ultimate goal of the research and development at Lockheed's Missile Systems Division is a completely reliable, broadly versatile array of guided missiles. Lockheed's MSD has more than 2,000 topflight scientists, physicists, nuclear physicists, engineers and technicians covering virtually every field of science at Van Nuys, Calif., Alamogordo, N. M., and Patrick Air Force Base, Fla.



MISSION: INTERCEPTION. (Right) This condensation trail is a phenomenon caused by great speed at high altitude—symbol of the Air Force's new F-104 Fighter, the Lockheed supersonic interceptor too secret to photograph.

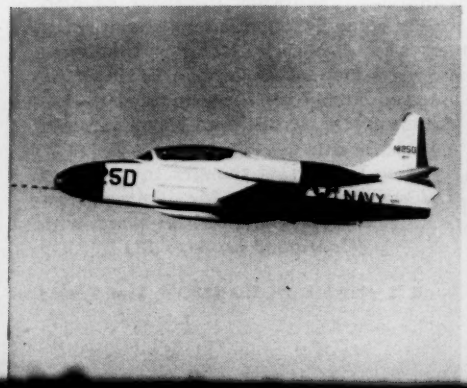
Lockheed

AIRCRAFT CORPORATION

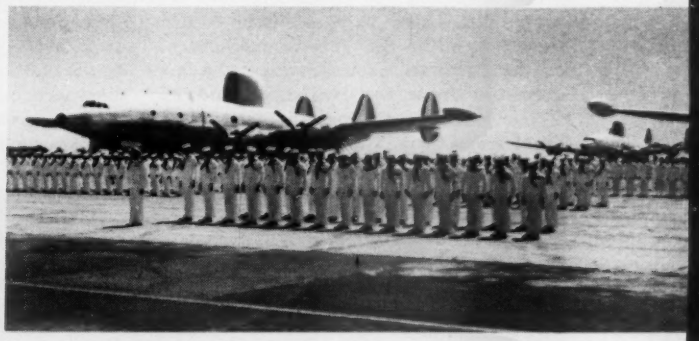
California Division, Burbank, Calif.
Georgia Division, Marietta, Ga.
Missile Systems Division, Van Nuys, Calif.
Lockheed Air Terminal, Burbank
Lockheed Aircraft Service, Burbank

LOOK TO LOCKHEED FOR LEADERSHIP

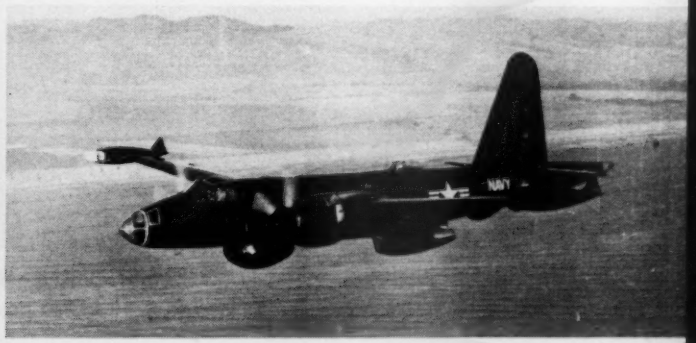
MISSION: JET TRAINING. Aircraft carrier jet fighters require highly skilled pilots and, to train them, the U. S. Navy needed the world's safest jet trainer. The new T2V-1, the Navy's first carrier jet trainer (shown below), is a product of close Navy-Lockheed cooperation. Flying about 600 mph, it can land under 100. Better visibility and a raised empennage for improved control are other new features.



MISSION: EARLY ENEMY DETECTION. Like climbing a mountain for a better view, the Navy and Air Force "go upstairs" with radar stations on Super Constellations—long-range planes capable of carrying *tons* of 360° radar. Result: more hours of earlier warning. Below, Navy crews at Pearl Harbor pass inspection near their Early Warning Super Constellations.



MISSION: COASTAL PROTECTION. No other nation has so much coastline to protect from submarine or air attack. The Navy and Lockheed have continuously developed Neptune Patrol Bombers (P2V) for this mission. In addition to high speed and long range, this plane (below) typifies Lockheed's leadership in the application of electronics to aircraft.



PEOPLE ★ ★ ★

OF THE WEEK

› EGYPT'S PREMIER is causing U. S. officials deep concern by drawing closer to Soviet Russia and her satellites, and negotiating with the Iron Curtain countries for increased trade in an effort to strengthen Egypt's cotton-based economy.

Gamal Abdel Nasser, who has accepted a Russian invitation to visit Moscow next spring, says he will go as a "man whose mission is world peace." U. S. Secretary of State John Foster Dulles has voiced alarm, however, over reports that the Egyptians may be planning to accept a Soviet offer to supply them with arms to step up the Arab-Israeli border conflict, turn it into a major war.

Premier Nasser has ruled Egypt for 18 months, is described by Western diplomats as a "benevolent dictator." He was the architect of the 1952 revolution that booted King Farouk off the throne and into exile, established the ancient country on the Nile as a republic.

The Premier is 37, a tall, soft-spoken career Army officer who has retained his prerevolution rank of lieutenant colonel. He has thrown himself into the task of revitalizing Egypt; has inaugurated ambitious public-works programs, land reforms; has tried to weed deep-rooted corruption out of the Government. One of his first acts as Premier was to wring agreement from the British to end its 72-year military occupation of the Suez Canal zone, turn it back to Egypt.

—Wide World

EGYPT'S GAMAL ABDEL NASSER
. . . leaning toward the East

› JAPANESE PLEADER for relaxed occupation terms won some of the concessions he sought during a three-day visit to Washington, failed on others. Foreign Minister **Mamoru Shigemitsu** got a U. S. promise to consider the withdrawal of 100,000 American troops in Japan, agreed to increase his nation's 150,000-man security force to 180,000 by 1959.

Less successful were Mr. Shigemitsu's appeals for return of Okinawa, easing of restrictions on trade with Red China, mass release of jailed war criminals.

By ironic coincidence, Mr. Shigemitsu met with Secretary of State John Foster Dulles almost 10 years to the day after signing the terms of Japan's surrender aboard the U.S.S. *Missouri* on Sept. 2, 1945. Since then, he has served four years in prison as a war criminal, mainly at the insistence of Russia.

The Japanese visitor, who was accompanied here by his daughter, Hanako, is considered a strong ally of the West, anxious to keep U. S. friendship, wary of Communist China and Russia.

The Foreign Minister is 68, has served in diplomatic posts in the U. S., Germany, China, Russia and Britain. A bomb thrown by a Korean terrorist blew off his right leg in Shanghai in 1932. He says that postwar Japan is dedicated to "the pursuit of peace," hopes it soon will be admitted to the United Nations.

—Wide World

JAPAN'S MAMORU SHIGEMITSU AND HIS DAUGHTER
The U. S. met some of his hopes

› HARRY S. TRUMAN may see only limited action in the 1956 presidential campaign. The former President, counted on by some Democrats as a major artillery weapon in their attacks on the Eisenhower Administration, has indicated that he may curtail his speechmaking in deference to the strain that travel imposes on his health.

Some Democrats thought that the old fire was missing from Mr. Truman's recent return to the political wars with

(Continued on page 18)

Who tripped up the Chairman of the Board with a corroded beam?

Corrosion is very much the business of every top management executive. Take the Chairman of the Board. Many a rosy report to his directors (and investors) can be upset by a big hole in the company's funds—put there by needless corrosion costs.

Needless, because corrosion is being wiped out in all industries where Firestone Exon resins are doing a job.

Makes no difference what you make. Or what corrosives you use. Or what equipment you must protect.

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Why not drop a note to Firestone today? Let's see how easily your corrosion headache can be eliminated by a specifically engineered Exon resin.

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speeches in Indiana and Michigan. Republicans, however, bridled at his charge that President Eisenhower practiced "misrepresentation and demagoguery."

A big surprise for the Democrats came when the former President canceled two talks he had planned to make in Los Angeles and San Francisco later this month. Mr. Truman said that his physician had advised against the trip and that Mrs. Truman opposed it. Said he: "They are afraid that something might happen to the old man." Mr. Truman is 71.

The Democratic elder statesman did not act like an old man during his visit to Mackinac Island on Michigan's Upper Peninsula. He took his customary brisk morning walk, pacing off about 2 miles of shore line in 35 minutes. He seemed to be fully recovered from a major operation last year. Texts of Mr. Truman's Indiana and Michigan speeches begin on page 114.

› **SENATOR WALTER F. GEORGE,** urged to retire at the expiration of his term next year, replies that he has no intention of quitting. The Georgia Democrat, moreover, is planning an early start in his re-election campaign with 12 speeches this autumn.

Keys to the Senator's political future, however, are his age and the senatorial ambitions of former Governor Herman Talmadge. The chairman of the Senate Foreign Relations Committee will be 79 when the 84th Congress expires. He has served in the Senate continuously since 1923. Mr. Talmadge is 42, is credited with great strength in the rural areas of Georgia, which often tip the scales in State-wide contests.

The suggestion that Senator George retire was advanced in an editorial in the *Savannah Morning News,* a newspaper which has been one of his strongest supporters. The editorial praised his "stature in statesmanship," but pointed to "practical considerations" of age and health as reasons why he should quit.

A respiratory ailment sent Senator George to a hospital several weeks ago, but now he feels "just fine." He has survived previous attempts—by President Franklin D. Roosevelt and by the late Eugene Talmadge—to unseat him. Some of those trying to force him out now, says the Senator, may be "in their dotage."

› **OHIO CONGRESSWOMAN** off on a three-month trip through Central and South Africa is **Mrs. Frances P. Bolton,** senior member of the only mother-and-son team in Congress.

Mrs. Bolton, a Republican member of the House Foreign Affairs Committee, hopes to cover 20,000 miles, report back to the Committee on economic, educational, health and medical problems in areas where U. S. interests are involved. She is paying most of her own expenses, plus those of a doctor, photographer and secretary accompanying her.

The Ohio Representative succeeded her husband, Chester C. Bolton, after his death in 1939, has served Cleveland's 22d district ever since. Her youngest of three sons, Oliver P. Bolton, also is an Ohio Republican Representative. They sometimes differ on legislation.

Mrs. Bolton sets a fast pace. She visited American troops near the front during the Normandy invasion, dodged buzz bombs in London, was the first woman ever received in audience by King Ibn Saud of Saudi Arabia, later visited Russia.

Mrs. Bolton long has been interested in the fields of public health and nursing, plans a survey of schools, hospitals, mission stations in the 20 areas of Africa she will visit on her swing from Dakar, French West Africa, to Cairo. She returns to the U. S. in December.

› **FUND RAISER** for flood victims in the Northeastern States, **E. Roland Harriman,** Chairman of the American National Red Cross, was cheered last week by the almost unprecedented contributions of money, food, clothing.

As the number of families affected by the disaster mounted to nearly 50,000, Mr. Harriman jumped the original 5-million-dollar goal to 8 million, then to 10 million. Still the gifts rolled in, causing Red Cross officials to describe the response as "amazing—the best since the war." They were confident they would be able to lend a helping hand to all who needed assistance.

Mr. Harriman, 59, banker, railroad executive and director of numerous business firms, has been the nonsalaried head of the Red Cross since December, 1950. He is a younger brother of Averell Harriman, Governor of New York who has been mentioned as a candidate for the Democratic presidential nomination in 1956.

Heir to part of the immense fortune left by his father, a nineteenth-century railroad magnate, Mr. Harriman attended Groton School and Yale, served as a lieutenant in the Army during World War I. Unlike his brother, he shuns politics. His chief enthusiasm, outside of his business interests and the Red Cross, has been trotting horses. He was a leader in reviving the waning sport in the 1920s, at one time drove his own horses in races at Eastern tracks.

WHAT A TOURIST SAW

REP. HILLINGS

AMERICAN IN MOSCOW visited the U. S. Embassy, found it looking "like a pigpen," with cracked walls, peeling paint, elevators that didn't work.

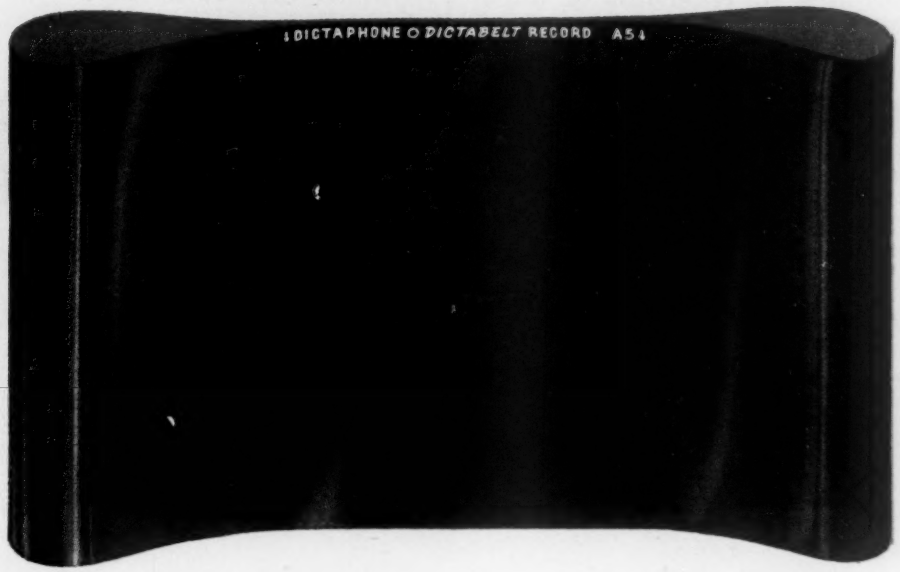
Representative **Patrick J. Hillings** (Rep.), of California, said it was no fault of the American diplomatic staff, which he described as "the best I have ever seen."

State Department officials in Washington blamed Red janitor service for the run-down look of the three-year-old building, said some U. S. diplomats have it tougher, particularly in Laos, where there is not even plumbing in the Embassy.

Representative Hillings, a member of the House Judiciary Committee, went to Europe to observe the operation there of the Refugee Relief Act. He is 32, a lawyer, was first elected to the House at 27, is serving his third term.

—Harris & Ewing, Sovfoto

THE EMBASSY



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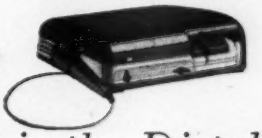
of the world's *most timesaving, worksaving, money-saving dictating machine*  *—the Dictaphone TIME-MASTER. This secret is the Dictabelt Record.*

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the magazine of *togetherness*

SECRET CRUISE OF A RUSSIAN SUBMARINE

First Story of 21,000-Mile Voyage From Murmansk to the Antarctic and Back

A mysterious cruise by a Russian submarine is causing Western authorities to revise their estimates of Soviet military strategy.

This submarine recently sailed 21,000 miles from Murmansk to the Antarctic and back, crossing strategic sea lanes in the Atlantic.

The cruise was made in great secrecy. But Western authorities know a lot about it. They know, too, that Russia already has more than 350 submarines, yet is building many more of a long-range type, and that Russia is increasing its activities in Atlantic and polar regions. Only last week it was revealed that a Soviet research ship also has been exploring Pacific waters off U. S. territory.

All these signs are being interpreted as pointing ultimately toward aggressive war—a war to be fought far from Soviet shores.

Other evidence in the hands of the West points to Australia as a target for Soviet conquest. Russians regard Australia as the key to control of the "World Ocean," and Southeast Asia as a steppingstone to Australia.

These significant Soviet strategies are documented in two memoranda presented here. The memoranda were prepared by a former military attaché at Moscow who now regularly makes intelligence analyses of Soviet strategy for one of the Western governments. His identity cannot be disclosed.

The following memorandum analyzing recent naval developments in the Soviet Union shows how the Russians are preparing for aggressive war by building a big fleet of long-range, ocean-going submarines and by increasing activity in the Atlantic and polar regions. It tells of a secret voyage by a Soviet submarine from Russia to the Antarctic and return:

In March, 1955, the Soviet military press described U. S. and British concern regarding the protection of their sea communications against submarine attack in case of war.

The Russians stated that, despite great efforts on the part of the West, the latest NATO [North Atlantic Treaty Organization] exercises proved that the U. S. and British naval commands were incapable of solving this problem.

Soviet naval commentators also expressed the opinion that the continual effort by the West to develop their submarine defenses meant that "they were preparing for an aggressive war on foreign territories and in foreign waters, far from their own shores."

Early in July, 1955, when the British Prime Minister made a statement on the transfer of the Simonstown [South Africa] naval base to South African authorities, Soviet naval commentators again accused the Western powers. They said that this was a further measure to protect Western shipping routes around the Cape of Good Hope to the Middle East and, furthermore, that it was a first step toward setting up a new naval-military command in the South Atlantic, similar to that in the North Atlantic.

The only fact that the Soviet commentators carefully omitted from their articles was the reason for the Western powers' improving their antisubmarine defense in the whole of the Atlantic, namely: the tremendous developments of the Soviet submarine fleet, a development which is unique in naval history.

The Soviet Union already has more than 350 submarines of various types. Considerable numbers of them are long-range, ocean-going submarines, and the number is constantly increasing.

All the Soviet shipyards are busy producing naval craft. The only types of merchant vessels now being built in the U.S.S.R. are oil tankers, which are considered to be of strategic importance for the fueling of naval vessels operating in "foreign waters."

The latest information about the activities of Soviet submarines proves that the Soviets are definitely preparing for (let us borrow their own words that they used in accusing the West) "aggressive war in foreign waters, far from their own shores."

During past years there have been several reports of Soviet submarines operating along the Pacific shores of the U.S.A. and

. . . "Utmost care was taken to avoid detection"

Canada, in the North Atlantic, and in Southeast Asiatic waters. Recently, however, these activities have been extended, as the following report explains.

Story of the Secret Cruise

Early this year one of the latest long-range type "W" Soviet submarines, equipped with snorkel and all the latest instruments, completed a long "autonomous" trip from Murmansk to the Antarctic and back.

This submarine, commanded by Captain Third-Rank Timofey Nikiforovich Lozovsky, left Murmansk in stormy weather at the beginning of January, 1955, and headed toward the southern tip of Iceland.

There the submarine met a specially fitted auxiliary vessel, the *Refrigerator No. 7*, which had left Leningrad at the same time that the submarine left Murmansk. The two vessels met at roughly 30 degrees longitude west and 55 degrees latitude north.

The task of *Refrigerator No. 7* was to follow at some distance and act as escort to the submarine, in case of emergency.

The two ships kept in touch by radio at prearranged times during the night, when the submarine was surfaced.

The two vessels took a course due south, and by the end of February, in Antarctic waters somewhere between the South Sandwich Islands and Queen Maud Land, they met the Soviet whaling flotilla, "Slava."

While the crew of the submarine rested on board *Refrigerator No. 7*, the machinery of the vessel was overhauled and some minor repairs in the oiling system and in the filters were carried out.

The submarine was then refueled and fresh supplies were taken on board from *Refrigerator No. 7*.

The Soviet submarine then began her return journey north, accompanied once more by *Refrigerator No. 7*.

This time they took the course between Iceland and Greenland, and early in May reached their base at Murmansk, having thus completed their crossing of the Atlantic both ways from the Arctic to the Antarctic and back.

Meantime, the "Slava" whaling flotilla returned to Odessa via Montevideo on May 24. Naturally, these operations needed more fuel than usual, which explains why "Slava" flotilla was visited by three oil tankers this year instead of the normal two.

During the whole of her cruise, the Soviet submarine sailed under conditions of strict secrecy. She traveled under water for 14 hours a day.

The utmost care was taken to avoid detection by surface vessels, or by aircraft passing overhead.

On several occasions in the Norwegian Sea and the North Atlantic she had to dive deep to avoid fishing fleets that had their trawls down.

Hydrophones and sound detectors were used to warn the crew of the presence of any ships in the vicinity.

Every precaution was taken so that no trace of their passage would be observed.

No oil patches, no air bubbles and no refuse were left floating behind. Even the copper and brass parts on the upper deck were specially tarnished in order to avoid any flash that might betray their presence under water.

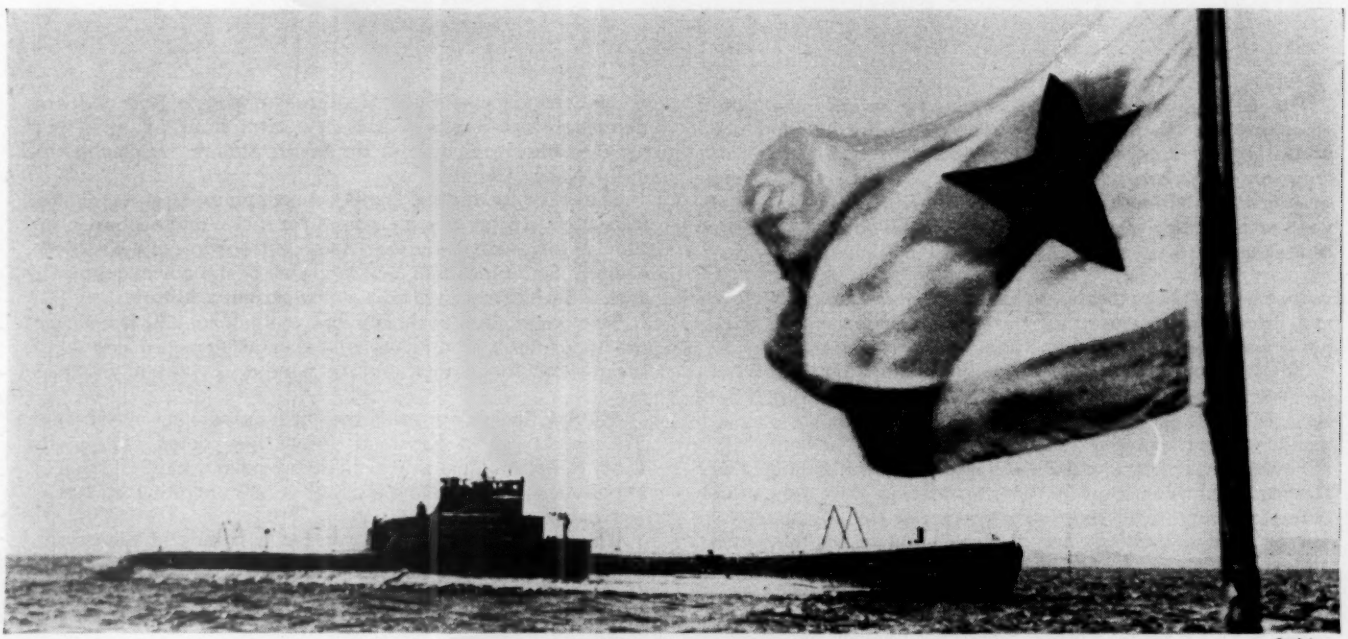
A medical officer kept the officers and men under close observation during the whole cruise, supervising their food, air and other conditions of life under water.

The submarine averaged 7.5 knots each day during the 14 hours she was submerged, and 15 knots at night for the 10 hours she surfaced. The average daily cruise of the Soviet submarine was 250 miles.

The trip took six weeks each way.

Only at night when they were surfaced did the Russians use their radio to contact *Refrigerator No. 7* and to monitor news from Moscow.

On her return to Murmansk from this 21,000-mile-long



—Sovfoto

A SOVIET SUBMARINE

Today, Russia has more than 350, many of them long-range, ocean-going types

cruise, this submarine was met at the pier by the Commander in Chief of the Soviet Northern Fleet, Admiral A. T. Chabanenko.

Later, in July, at a ceremony in the Northern Fleet Officers House at the main base of the Fleet near Murmansk, the whole crew of the submarine were awarded valuable gifts and money for their exploit.

The Ruse of the Fishing Fleets

This submarine cruise from Murmansk to the Antarctic throws additional light on Soviet interests in the Atlantic Ocean. It is a Marxist dogma that economic interests create political interests and the latter develop into strategical interests for whose defense military and naval forces are needed. Thus, economic activity carried on even far from the U.S.S.R. develops into so-called "Soviet state interests," which must be defended by the Soviet Army and Navy, as it is stated in the Soviet military oath.

Since the end of World War II the Soviet Union has greatly developed her fishing interests. Her fishing fleets are now operating in the Barents, Norwegian and North Seas and in the Northern Atlantic. This year they have even appeared off the shores of Portugal.

The Russians have developed a system which enables them to fish all the year round. Base ships and fish-transport ships accompany the fleets, so that the trawlers may remain at sea for lengthy periods without returning to their bases at Murmansk, Archangel and the Baltic ports. Thus, several hundred Soviet, Polish and East German trawlers are permanently in these waters, escorted by scores of base ships.

The base ships are equipped with radar and sonar devices and each group of about 10 fishing vessels has a "research ship," usually a trawler, equipped with radar and sonar, which scouts for the fish shoals. These vessels, spread like a fan from Greenland to Norway, keep a permanent vigil over the whole of this sea area. [See map on this page.]

On July 29, 1955, the Polish radio announced that, from then on, Soviet and Polish fishing flotillas in the North Atlantic and the Norwegian and North Seas would be supplied with fresh fruit and vegetables and with mail, either by flying boats or helicopters. The flying boats or helicopters would also be used to search for fish shoals.

Thus, as well as ships equipped with radar and sonar, the U.S.S.R. will regularly use aircraft in the whole region between Norway and Greenland and Great Britain for "fish detection."

In addition to their well-located fishing fleets, the U.S.S.R. has a large coal-mining concession on the Spitsbergen islands (Norway), where it keeps a permanent working population of approximately 2,000 in contrast to the 1,700 Norwegians on the island. The Spitsbergen islands are considered one of the strategic anchors in the NATO defense plans.

High Cost of Whaling

Needless to say, the economic side of this vast fishing enterprise is extremely costly. On July 11, 1955, at the plenary session of the Soviet Communist Party Central Committee, the Soviet Prime Minister, Marshal Bulganin, disclosed that in 1954 the Soviet fishing industry had a loss of 392 million rubles, instead of a planned profit of over 1 billion rubles. Thus, the difference between the expectations and the reality was nearly 1.4 billion rubles [nearly 350 million dollars at the official rate of exchange].

A large part of this loss derived from the Soviet Atlantic fishing, including the Antarctic whaling flotilla "Slava."

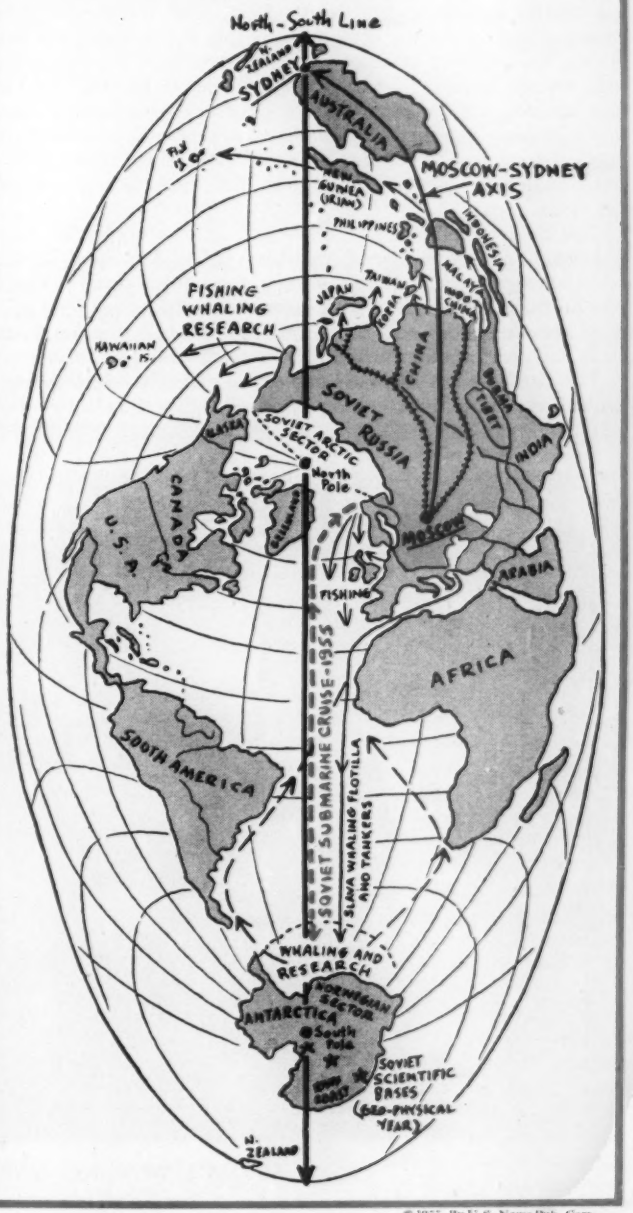
For the last nine years, "Slava" flotilla, composed of a big ex-German factory ship and 15 whalers, has left Odessa in

(Continued on page 24)

Route of Soviet Submarine's Secret Cruise

This map, designed by the author of the accompanying article on Soviet strategy, shows the route taken by a Russian submarine on a recent 21,000-mile secret cruise from Murmansk to the Antarctic and back, through the Atlantic Ocean.

The map also shows how, in the author's view, the Soviet Union is expanding its interests along a north-south line which the author calls a "Moscow-Sydney Axis," with fishing, whaling and research expeditions fanning out widely through the Atlantic, Pacific, Arctic and Antarctic Oceans.



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. . . "Little doubt that Soviet will demand base in Antarctic"

October and returned in May. During that time they have caught whales in Antarctic waters, mainly off the Norwegian Antarctic sector.

The flotilla is also accompanied by a research ship, the *Gorbach*, which is equipped with the latest hydro and meteorological instruments. This ship has been extremely active in its research in the Antarctic.

During the seven months that "Slava" spends in the Antarctic, it is joined by tankers which deliver fuel, water and supplies, and take away the whale oil. The Soviet is now planning to enlarge its whaling activities in the Antarctic to include Polish and East German whalers.

Soviet Interest in the Antarctic

Although Moscow has since 1926 adopted the sectoral principle in the Arctic, and claims sovereignty over nearly half of the Arctic including the North Pole, the Soviet Union is strongly opposed to the sectoral principle in the Antarctic, and claims her right to participate in all decisions regarding this area on the basis of the discoveries made in 1820-21 by two Russian sloops commanded by the Tsarist officers Bellinghausen and Lazarev. There is little doubt that it is only a question of time before the U.S.S.R. demands the right to establish a permanent base in the Antarctic for her whaling and research activities.

The Soviet Union is one of those participating in the Geophysical Year Antarctic Expedition [1957-58], and it has been agreed in Paris that she should establish three stations: one on the Knox Coast at 104 degrees longitude east, one midway between there and the South Pole at 105 degrees longitude east, and another near the Pole itself.

The Russians intend to use one of their three modern foreign-built electrodiesel icebreaking ships, probably the *Ob*, for their expedition. It will be accompanied by one of their Finnish-built modern icebreakers.

Soviet Academician Prof. D. Shcherbakov, noted geologist and Arctic explorer, described the Antarctic expedition in the January 1, 1955, issue of the weekly *Ogonyok*. He said:

"Geographical discoveries of our glorious ancestors are known the world over. Historically and by rights of succession, we Soviet explorers have the priority in further exploration in the Antarctic."

In the light of such ambitions, the "autonomous" cruise of the Soviet submarine and the Soviet concern about possible reorganization of the Western defense in the South Atlantic is significant.

DRIVE TOWARD AUSTRALIA

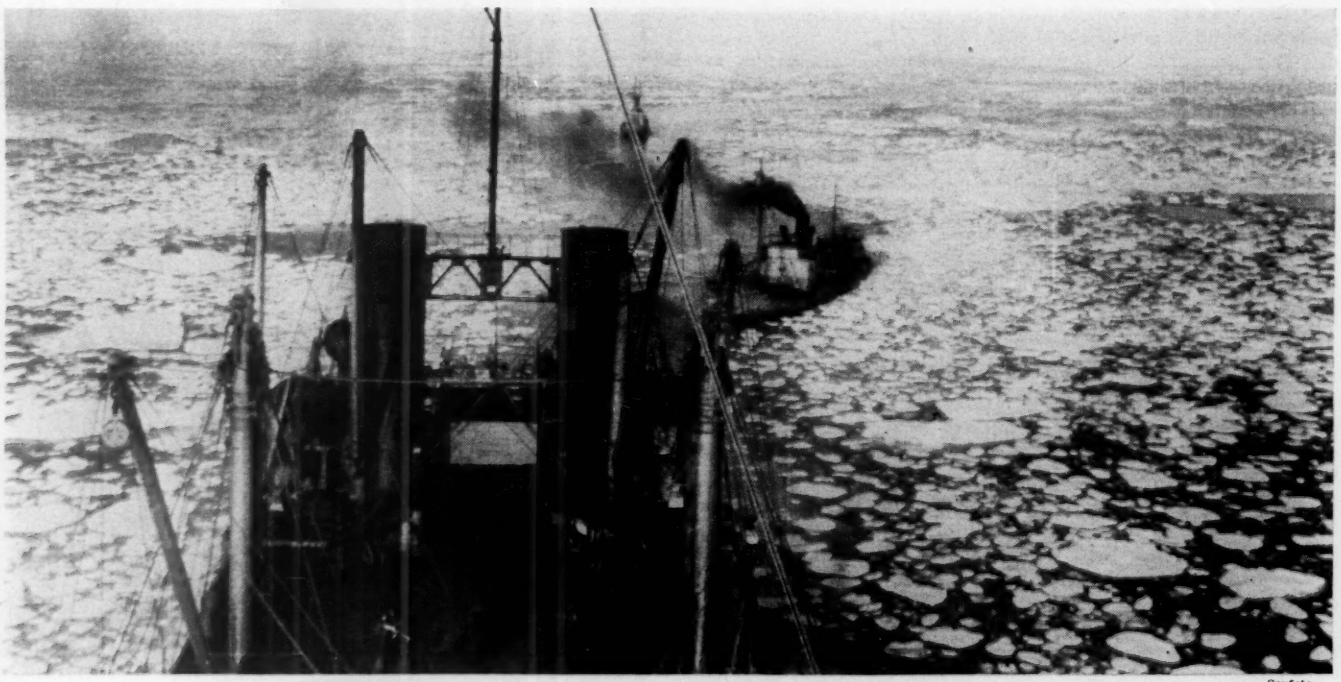
A separate memorandum by the same analyst shows how the Soviet Union, convinced that Australia is the key to control of the "World Ocean," is directing its aggressive drive toward that strategic bastion:

Fifty years ago Sir Halford Mackinder propounded his almost prophetic theory of geopolitics and his conception of the "Heartland." Mackinder maintained that the only areas that could be considered invulnerable in war were those inaccessible from oceans and seas.

His conception of the Heartland contains Eastern Europe and a large part of Soviet Asia. It is protected on the North by ice-bound seas, and on the South by mountain ranges and deserts.

Today the U.S.S.R.'s European approaches are guarded by the satellite states, and the Black and Baltic seas are at present easy to close and defend. In Asia, thanks to China belonging to the Soviet bloc, the U.S.S.R. has gained a superior position, owing to the great mass of population concentrated there.

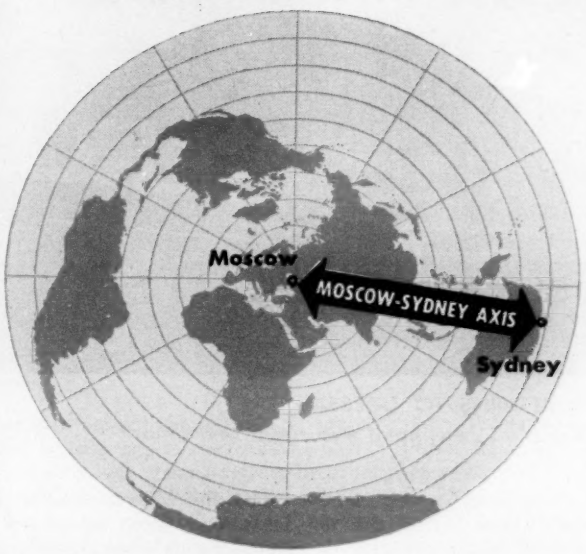
Although Mackinder's theory was conceived half a century

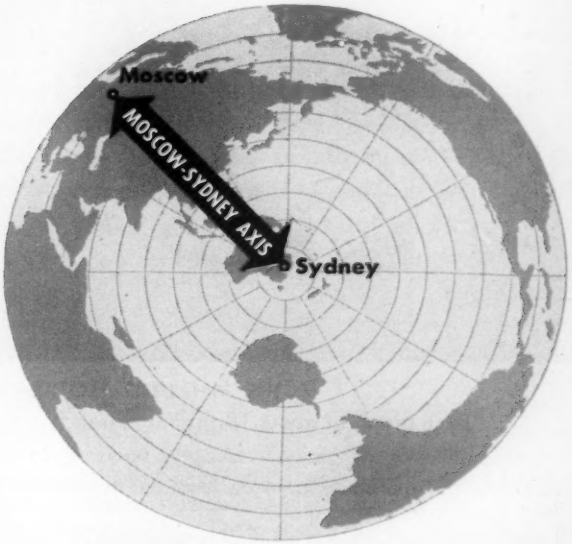


—Sovfoto

RUSSIA'S WHALING SHIPS SAIL THROUGH ANTARCTIC ICE
Between the South Sandwich Islands and Queen Maud Land, a mysterious rendezvous

"Moscow-Sydney Axis"—
WHY COMMUNISTS ARE PUSHING TOWARD AUSTRALIA





These two maps, which appeared in a 1950 issue of the Warsaw monthy, Problemy, are viewed by the author of this article as explaining Communist strategy in pushing southeastward toward Australia.
The map at the left, projected by a British geopolitician, Sir Halford Mackinder, shows Moscow as the center of the world's "Heartland," or "World Island." But the map at the right, projected by Communists, shows Sydney, Australia, as the center of the "World Ocean." Communists' conclusion is said to be that, to dominate the world, they must control Australia as well as Russia. The author calls this conception the "Moscow-Sydney Axis."

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ago, and despite the changed conditions brought about by the development of aviation and of atomic and thermonuclear weapons, it still today attracts the imagination of political and strategic planners, as it did that of the Nazis and the Japanese.

An interesting interpretation of Mackinder's theory appeared in a Warsaw monthly, *Problemy*, in 1950. The article was accompanied by revealing maps, undoubtedly inspired by one of the Soviet political High Schools. [See maps above.]

Boldly assuming that the center of the Heartland which dominates the world lies in Moscow, the authors produced a map of the world with Moscow as the center of projection. This compelled them to admit that the central position of the so-called "World Ocean" was occupied by Sydney, Australia. They accordingly produced another world map, this time with the center of projection in Sydney, as the point dominating the World Ocean.

Their conclusion was simple. In order to secure world domination today it is not sufficient to hold the center of the World Island alone—the center of the World Ocean must also be conquered. On both these maps the two centers, Moscow and Sydney, were connected by a line which is strikingly reminiscent of the famous "Berlin-Rome-Tokyo Axis." We have christened this line the "Moscow-Sydney Axis."

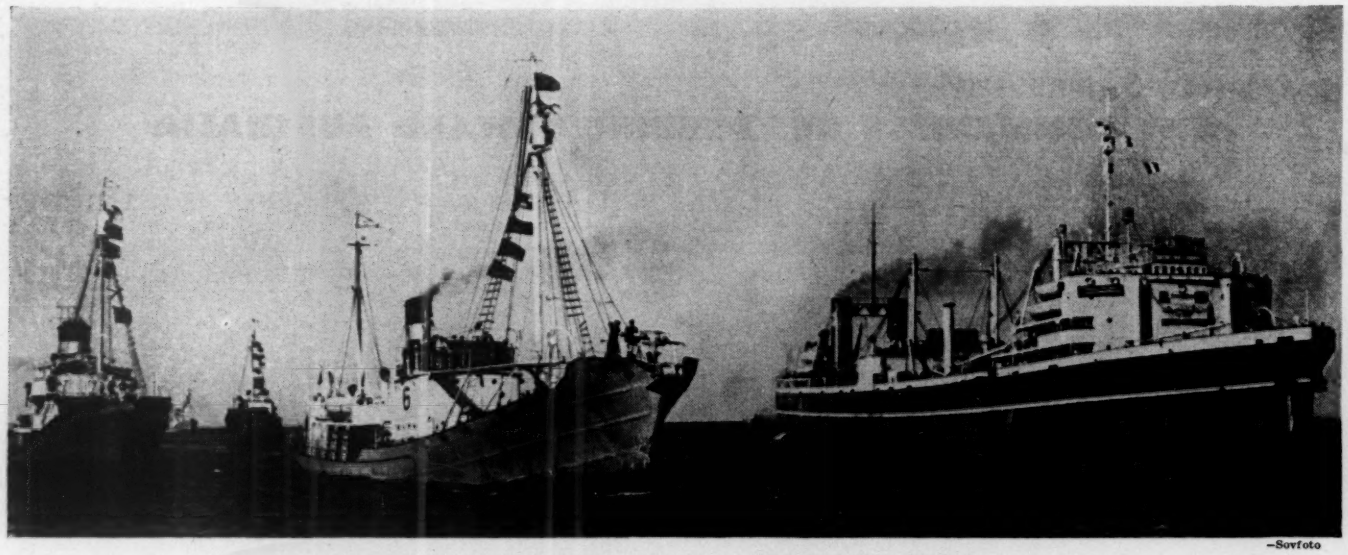
This kind of geopolitical idea, unless supported by events, might be nothing more than speculation arising out of meaningless geographical circumstances. Postwar developments in the Far East, however, have served to confirm the sinister significance of the Moscow-Sydney Axis.

Korea, Formosa, Indo-China and Malaya have proved that there is purpose and will behind the Communist bloc's determined push in this direction. Japan, the Philippines, Indonesia and Burma—all Communist targets—illustrate this drive even more vividly; perhaps most of all Indonesia, described by Bukharin [Soviet theoretician and writer] as "the bridge from Asia to Australia."

The main plank in the program of the Communist Party of Indonesia is to bring Irian [West New Guinea] under Indonesian rule. The Government of Indonesia states that only when Irian is reunited with Indonesia will its freedom and progress be insured.

As recently as July 18, 1955, the Russian delegate at the United Nations attempted to alter the administrative arrangements in the other half of New Guinea (Australian Trust Territory). He called for the establishment of a Trust Territory with separate legislative and administrative organs for government, not subject to any organs in the neighbouring Territory of Papua. The motion was defeated. (India, Syria and El Salvador voted with the U.S.S.R.)

During the Petrov inquiry [Vladimir M. Petrov was Third Secretary of the Soviet Embassy in Australia until he defected to the West last year] the fact emerged that the Soviet Embassy in Canberra had been particularly interested in gleaning information regarding the Northwest Coast of Australia. One of the documents purloined by Petrov described the inhospitable nature of that part of Australia. It mentioned the submarine base and air base that had existed there during the last war and declared that, "with the exception of a small number of



—Sovfoto

THE WHALING FLOTILLA "SLAVA" RETURNS TO ODESSA
"Each group of about 10 fishing vessels has a 'research ship' . . . equipped with radar and sonar"

Australians, only the aborigines knew the area and its unmarked routes, water resources and so on."

These seemingly unrelated events merely underline Moscow's consistent and persistent interest in this direction. The Moscow press is full of statements in support of the anti-colonialism and "liberation" movements in the whole of this region which stretches as far as Polynesia.

Communist pressure along the Moscow-Sydney Axis, however, requires a solid rear base, and the Soviet-Chinese railway-building program is a major step in supplying this need. Two highly important railway lines have come into being, parallel to the Moscow-Sydney Axis. The Trans-Mongolian Railway, beginning at Ulan-Ude on the Trans-Siberian Railway, leading through Ulan Bator and Erhlien to Tsining (some 150 miles northeast of Peiping), has already been completed and is now being doubled by a Soviet broad-gauge line.

Another line, beginning at Alma-Ata, the capital of Soviet Kazakhstan, situated on the Turksib Railway, is being constructed across Singkiang via the Tihwa oil fields to Lanchow and from there southward to Kunming and Hanoi. This is a major trunk line beginning in Moscow and ending in Haiphong [Indo-China], which can be called the Moscow-Tonkin Railway. About half of this line has already been completed and by 1960 it will probably be open along its whole length.

In Asia, railways are the main support for economic, political or strategic expansion and it is easy to observe from our maps in which direction they lead.

Conclusions

● A Soviet base in the Antarctic would play an important role in any future war, as the South Polar regions command the waters linking the principal oceans of the world. Unless a ship passes through one of two extremely vulnerable canals at Panama or Suez or makes its way through Arctic ice it cannot go from the Pacific to the Atlantic or from the Atlantic to the Indian Ocean without sailing near Antarctic waters.

● The Western world's sea communications would be seriously hampered by a score or two of Soviet submarines operating between the Antarctic continent and the Southern tips of South America and Africa.

Soviet Research Ship Maps Pacific

Since the above analyses were written, new evidence has been revealed showing that Soviet naval activity is also being extended into the Pacific Ocean, into areas near the American-owned Aleutian Islands, and the American Territory of Hawaii.

This evidence was contained in a Moscow Radio news broadcast of Aug. 28, 1955, under a Vladivostok date line. The full text of this broadcast, as monitored in London by the British Broadcasting Corporation, follows:

The research ship *Vityaz* of the Institute of Oceanology of the U.S.S.R. Academy of Sciences has returned from a four-month voyage.

The head of the expedition, Candidate of Geographic Sciences Petlin, told a Tass correspondent that the work was done in Western Pacific, partly near the Kuriles. Scientific surveys have been made in hydrology, hydrochemistry, hydrobiology and marine geology, including the study of the configuration of the bottom of the ocean and sediments.

The expedition had succeeded in making the first complex survey of the Aleutian depression, obtaining valuable data on the distribution of varieties of salmon during the maritime stage of their life.

It also collected material on the configuration of the Aleutian, Japanese and Kurilo-Kamchatka depression.

The expedition discovered several new submarine mountains and established a complex continuation of the Hawaiian submarine range in the direction of the Aleutian depression.

During its observations the expedition discovered a series of deep-sea varieties of animals and fish hitherto unknown to science.

The members of the expedition took many photographs of the bed of the ocean at depths down to 2,800 meters [9,184 feet].

WHO IS TO GET THE TAX CUT

There Will Be a Little Something for Everybody

Another round of tax reductions is a sure thing for 1956.

Cuts, at best, will be sparing. A tight budget will limit what Congress can do.

Most of the relief will be on incomes of individuals. Nearly all Democrats and Republicans agree on that.

Chief question is how to divide the savings between high incomes and low incomes.

That's to be the big tax fight of 1956.

Tax rates, other than those on personal incomes, probably will stay about as they are. Cuts for corporations are unlikely. Excises will be trimmed little, if at all.

You can count definitely on paying a smaller income tax to the Federal Government next year. That prospect became certain when the Administration reported that, in all probability, the Government's budget will be in balance for the fiscal year that ends next June 30.

On the heels of that announcement came promises from Senators and Representatives—both Democratic and Republican—that the good news about federal finances will be translated into tax savings for the American householder. A bill to cut taxes will be one of the first measures that Congress will consider when it reconvenes next January.

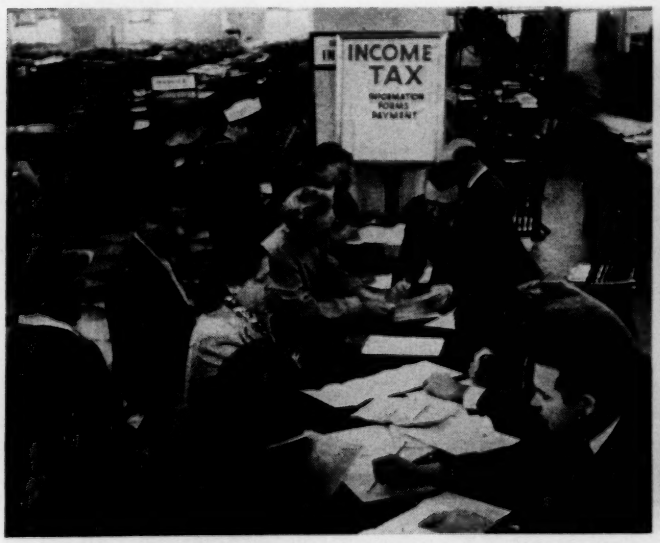
The Administation, too, will support a cut in taxes. President Eisenhower said in his budget message last January that he hoped tax cuts would be justified next year. Treasury Secretary George Humphrey held out hopes for lower taxes when he and Budget Director Rowland R. Hughes issued the optimistic budget report. Mr. Humphrey favors tax reduction ahead of debt reduction because he thinks taxes now are too high.

It's not hard to see why nearly everybody wants to cut taxes. Present taxes are almost as high as at the peak of World War II. For individuals, the rates on taxable income range from 20 per cent in the lowest bracket to 91 per cent at the top bracket, compared with rates of 23 per cent to 94 per cent at the wartime peak. Corporations still pay the 52 per cent tax on earnings that was levied during the Korean war.

During World War II the regular corporate tax was only 40 per cent, although there was an excess-profits tax added to the regular rate for some companies. Excises on alcoholic beverages, cigarettes, gasoline and many other items remain at all-time peaks.

These rates explain why there is little argument over tax cutting.

Who is to benefit? The argument begins when it comes to deciding how the tax cuts are to be distributed among taxpayers, so that all individuals who pay will benefit. The chart on page 29 shows why this argument is likely to be heated. Congress, when it gets down to bedrock on tax-cutting plans, will find that reductions cannot be very large, or very extensive, without seriously upsetting the budget again. As things look now, if the budget is to be kept near balance, tax cuts will have to be limited to



SCENE AT TAXPAYING TIME

–USN&R, Harris & Ewing

GEORGE HUMPHREY AND ROWLAND HUGHES

Fixed Government expenses make it tough to grant a big tax reduction

[continued]

WHO IS TO GET THE TAX CUT

between 2 billion and 2.5 billion dollars a year.

Congress demonstrated at the last session where the hottest debates over taxes are to take place. President Eisenhower, in his budget message, recommended against any tax cuts this year but held out hopes for cuts next year that would spread reductions among all taxpayers. Democrats in the House of Representatives immediately proposed cuts to favor the "little taxpayer" by giving a flat $20 cut to each taxpayer and each of his dependents, to take effect in 1956. This measure passed the House but was killed in the Senate, under pressure from the Administration.

The dispute over whether to favor lower-income groups or to spread tax cuts rather evenly through all income brackets will be heightened next year because of the presidential and congressional elections. Both parties will be seeking credit for giving relief to taxpayers.

The flat $20 tax credit proposed at the last session of Congress is likely to be suggested again. In terms of revenue, this would mean a cut of 2.1 billions a year—close to the limit of a balanced budget. Most of the cut would go to taxpayers with incomes of less than $5,000 a year. Some 5 million taxpayers would be relieved of income taxes altogether. But the reductions would be rather meaningless in the upper brackets. A man with a wife and two children, for example, would save $80, at the most.

Higher-exemption plans. Another device expected to be advocated by those who want to concentrate tax cuts among the low-income groups is that of raising exemptions for the taxpayer and his dependents. An increase of $100—from $600 to $700 for each exemption—would cost the Treasury 2.4 billions in revenue and take about 7 million low-bracket taxpayers off the rolls. An increase of $200 would cost about 4.5 billions and remove 13 million persons from the rolls. In either instance, taxpayers in the upper brackets would get little relief.

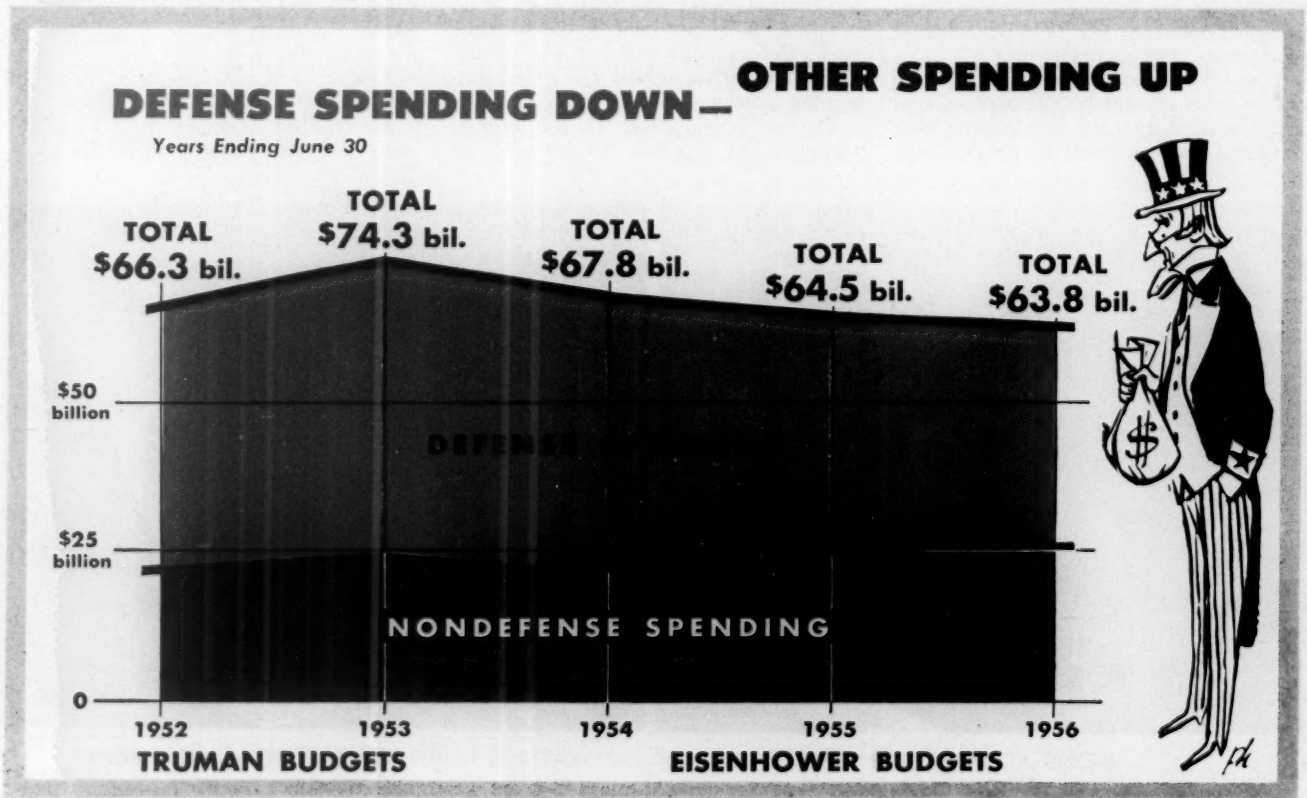
A program likely to be favored by the Administration calls for tax cuts to be spread rather equally through all brackets. A flat percentage cut of 10 per cent, for example, would reduce Treasury revenue by about 2.8 billions, with most of the dollar savings realized by taxpayers with incomes of $5,000 or more. This is the group that pays the bulk of income taxes at present.

There are precedents in Congress for all forms of tax relief. In 1945, taxpayers were given a 5 per cent cut, straight across the board, plus lower rates in each bracket. In 1948, exemptions were increased from $500 to $600 and married taxpayers got the privilege of income splitting. With the Korean war, taxes were raised again, but in 1954 rates were allowed to drop back to the level of 1951.

Against this background, a compromise between conflicting tax theories cannot be ruled out. For example, Democrats in Congress might strike a bargain with the Treasury to combine the $20 cut with a 5 per cent reduction for all taxpayers. That would give every taxpayer a cut of some significance, and the Treasury could get by with the loss of 3.5 billions in revenue. Some Congressmen hope this will be feasible when estimates are made for the budget year that begins July 1, 1956, and ends June 30, 1957.

What about corporations? Another problem, however, involves corporations. They are due to have the top tax rate drop from 52 per cent to 47 per cent next April 1. That scheduled cut, if allowed to go through, would mean a revenue loss of 2 billion dollars.

In an election year, Congress is ex-



Source: Budget Bureau

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pected to pay less attention to the tax burdens of corporations than to those of individuals. The 52 per cent rate was scheduled to drop last spring, too, but Congress extended it. The same procedure appears likely to be followed again. Similar treatment probably is in store for the excises that also are scheduled to decline next April 1.

The chief stumbling block to tax cuts is found in the rigidity of the national budget. The Eisenhower Administration has succeeded in lopping 10 billion dollars off national spending since the 1953 budget year, but further reductions of substantial size promise to be difficult.

When Mr. Humphrey and Mr. Hughes held out the promise of a balanced budget in the present fiscal year, they still had to find means of cutting 1.7 billion dollars in spending. That is Mr. Hughes' problem. The chart on page 28 shows that the task will not be easy.

When Mr. Eisenhower took office, he assumed the Truman budget of 74.3 billion dollars. Nearly two thirds of that outlay was for national defense at a time when this country was fighting the Korean war. Since then the Administration has managed to trim defense spending from 50.3 billion in 1953 to this year's expected 38.7 billion. To many members of Congress, that figure represents rock bottom if the nation's defenses are to be properly maintained.

Nondefense expenses grow. Yet Mr. Eisenhower has found it impossible to cut expenses in other areas. Since he took office, nondefense spending has increased from 21.3 billion dollars in the 1954 fiscal year to an estimated 25.1 billion in this year. An examination of nondefense items shows that, of the total 25.1 billion, 16.6 billion is for programs that cannot be trimmed much. They include such fixed commitments as veteran's compensation, interest on the public debt, costs of farm price supports, grants to States for public assistance and federal aid for highways.

Thus, the room for economy outside of the defense program seems to be limited.

Mr. Humphrey, however, may find further improvement in the revenue side of his accounts. He now expects to gather 62.1 billions in this fiscal year, 2.1 billions more than was expected in January, and he may get even more. Individual incomes and corporate profits—the source of tax payments—are running above official estimates. Congress, in any event, can be expected to be optimistic in making estimates of future revenues when members take up the tax program.

Tax cuts are definitely in the cards, and Congress will want to make them as big as it dares.

Budget will be tight. To keep it near balance, Congress can't cut taxes by more than

$2 to $2.5 billion a year

Demands for tax cuts dwarf that figure. What to do? Congress faces these facts:

If individual taxes are cut 10%, giving higher-income people a break, revenue is reduced

$2.8 billion a year

If personal exemptions are raised $100, giving a break to lower incomes, the Treasury is out

$2.4 billion a year

If a compromise is voted—a $20 cut for everybody, plus 5% flat cut—revenue is reduced by

$3.5 billion a year

And the problem does not end there.

If corporation taxes are cut to 47%, as present law provides for next April 1, the Treasury loses

$2 billion a year

If excises are cut to pre-Korean-war levels, again as law provides for April 1, the cost is

$1 billion a year

In the end: *Taxes will be cut, but amounts probably will be disappointing to most taxpayers.* ***Individual relief*** *will get priority.* ***Excises*** *will be cut little, if at all.* ***Corporation*** *taxes probably will stay where they are.*

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WHERE SOUTH IS MIXING SCHOOLS

Scattered Districts Take First Step This Year

Around the fringes of the South, the color line is cracking.

The first school year since the Supreme Court's final decree finds nine States letting down the bars to Negroes in at least some school districts.

But the Deep South is standing firm. Eight States are opening schools with segregation as usual. And officials say they intend to keep them that way.

Reported from NASHVILLE, Tenn., and JACKSON, Miss.

A new school term now is starting, the first since the United States Supreme Court handed down its decree calling for a start toward ending racial segregation in the schools.

As the pupils return to classes, this is what is happening in the 17 Southern and Border States most affected by the Court's ruling:

• In nine States along the fringes of the South, thousands of white and Negro pupils are going to mixed classes for the first time as segregation is ended in at least some of the school districts. Most of these States indicate an intention to carry through and do a complete job of integration.

• In eight States of the Deep South, the new school year is opening without any change. All schools are still segregated. Most of the officials in these States declare that the schools are going to remain segregated until a long legal battle has been fought out. Some are preparing for years of argument in the courts.

Some doors opened. It is mostly outside the old plantation States that changes are taking place. Files of the Southern Education Reporting Service, at Nashville, a fact-gathering agency, show increasing numbers of white schools opening their doors to Negroes all around the borders of the Old South. This is happening in several good-sized cities as well as in many scattered rural areas.

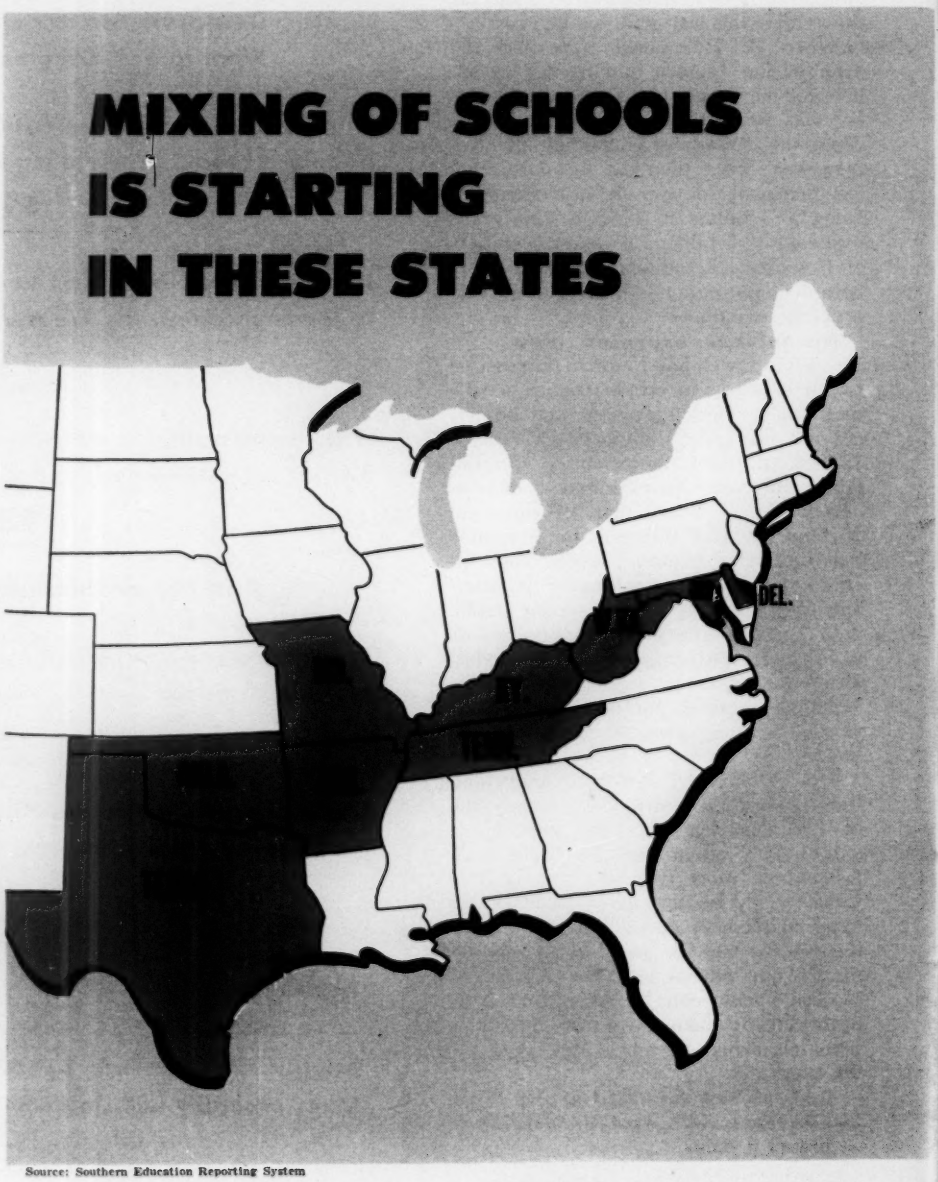
In the main, however, the reports indicate that change is coming first in those sections where the proportion of Negroes to white is smallest. Resistance is stouter in rural areas with a high percentage of Negroes.

Of the nine States now admitting Negroes to previously all-white schools, five began the change-over last year. These States are Delaware, Maryland, West Virginia, Missouri and Arkansas. The District of Columbia also mixed its schools last year.

Four other States—Kentucky, Texas, Oklahoma and Tennessee—are trying mixed schools this year for the first time. But they are not doing this in all districts.

In Tennessee, the federal city of Oak Ridge, site of production facilities of the Atomic Energy Commission, is becoming the first community to abolish segregated schools, although other Tennessee communities are considering plans for mixing schools in the future.

Other doors stay shut. All of the eight States where segregation is being maintained were members of the old Confederacy. These States are Virginia, North Carolina, South Carolina, Florida, Georgia, Alabama, Mississippi and Louisiana.



Source: Southern Education Reporting System

Here children are returning to their separate schools as in the past.

Desegregation already has cracked the lines of the region, however, with the opening of some schools to both races in Texas, Arkansas and Tennessee. And talk of change is being heard in at least three others of the old Confederacy group of States. Reports show that Norfolk, Va., and Raleigh, Charlotte, Asheville and other places in North Carolina are giving serious study to plans for changing their school systems. And, in Louisiana, where the Catholic Church has wider influence than in most Southern areas, plans for desegregating parochial schools are being considered.

Generally, however, all along the coasts from Virginia to Louisiana, the old Southern States are preparing for a long legal battle to resist integration.

Court fights ahead. In some States, special committees of lawyers are being set up to help any community that may be sued by Negroes for admission to schools. More than a dozen different kinds of organizations are springing up to fight for segregation. Mississippi and Alabama have citizens' councils. South Carolina, Georgia and Florida are catching a glimpse of what some observers call "a new kind of Ku Klux Klan." Louisiana has an organization known as "Southern Gentlemen."

In some Virginia counties, controls have been clamped on the use of school funds to stop spending immediately if a court should order mixing in the schools. In North Carolina, while some communities are studying the problem of bringing Negroes into white schools, others are fighting suits for the admission of Negroes with State aid in the legal battle.

Numerous organizations are busily working against integration in South Carolina. Where Negroes petition for admission to schools, some local newspapers print the names of the petitioners and advise white citizens to study the lists carefully and ask the signers about their true intent and understanding of the situation. Newspapers report cases where some Negro signers have been fired, or, if tenant farmers, have been told they will not be needed after this crop season.

Georgia is requiring its teachers to sign an oath that they will uphold the State constitution which requires segregated schools. Petitions for integration are pending in several areas.

In Florida, where petitions for integration are on file in several counties, some officials are complaining that uncertainty over segregation is keeping the interest rates high on school bonds.

Alabama is tightening its laws to try to hold the line, and Louisiana has turned over $100,000 to the State Attorney General to hire lawyers to fight integration suits on local levels.

Fate of petitions. In Mississippi, moves by Negroes seem to have been fought to a standstill, for the moment at least.

Efforts were begun by the National Association for the Advancement of Colored People to force court tests on segregation in five cities in Mississippi. Petitions were circulated, signed, filed and ignored. Local authorities made it clear that they would continue to operate segregated schools as usual.

The first movement by the white people in opposition was to publish the names of the Negro signers in the newspapers. After this came long talks with the Negro signers by their employers. Citizens' councils got busy.

Negroes began to ask that their names be withdrawn from petitions. Some said they misunderstood the nature of the petition, that they thought it was simply an appeal for better schools or for school lunches.

In one Mississippi town, grocery stores quit selling goods to those whose names were on the petition, even though they offered to pay cash. Credit was closed down to others. Carpenters and painters were not able to buy tools. One Negro, discharged from his job in one town, moved to another to work. The word was passed along to his new employer and he was fired there also.

Gradually, the names melted away from the petition until only six were left. These six Negroes could not be located. They were reported to have left town.

Under the steady pressures exerted by the citizens' councils, the movement

DELAWARE 15 of 62 school districts plan to integrate this autumn. State Board of Education is pressing for integration.

MARYLAND Baltimore mixed schools last year. 7 Maryland counties plan partial integration this year.

WEST VIRGINIA 29 counties have integrated, in whole or part. 5 others are desegregating this year. Of remaining 21 counties, 10 have no Negroes and 11 have not started integrating.

KENTUCKY At least 10 counties and 4 cities are integrating this year. State policy is to mix schools elsewhere as soon as possible.

TENNESSEE Only Oak Ridge, federal town, is desegregating this year. State is leaving integration of schools up to local communities.

MISSOURI 80 per cent of Negro pupils are to be in integrated school districts this autumn. Integrated districts will include Kansas City and nearly all of St. Louis.

ARKANSAS 4 communities are mixing schools voluntarily. Problem is being left to local communities.

OKLAHOMA State policy is to integrate. 88 school districts plan some degree of integration. Oklahoma City is to mix schools completely.

TEXAS More than 60 districts have ordered a start toward integration. No immediate plans in East Texas, where most Negroes live.

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[continued]

WHERE SOUTH IS MIXING SCHOOLS

dissolved in Natchez and Yazoo City. In Vicksburg, it was weakened considerably. In Jackson and Clarksdale, the Negro drive though stronger, was resisted stoutly. In some of the areas, even NAACP leaders withdrew their names from petitions and backed away from the movement.

Segregated schools are operating in Mississippi as usual.

A creeping change? As it stands now, the citizens of the Deep South see themselves surrounded and endangered by a form of creeping desegregation that is moving in upon them from the semi-circle of Border and Southern States on three sides. See chart on page 30.

Cities and large towns around the edges of the South are opening the school doors to Negroes now, or are preparing to do so in the future. Upland communities, where there are not many Negroes, are doing the same.

At least 60 areas in Texas—where action is being left to the local communities—are bringing students into mixed classes this autumn. None of these districts is in East Texas, where most of the Negroes live, but the action here is part of the break in the solidarity of the Confederate South.

The areas that are integrating, in part or wholly, include such towns as Waco, San Angelo, Austin, Lubbock, Kingsville, Brownwood, Wichita Falls, Big Spring, El Paso, San Antonio. They extend along the Texas border and out into West Texas, with more Mexicans than Negroes. In some areas where desegregation has been ordered, there are no Negro pupils.

A campaign for continuance of segregation is rising in many towns in East Texas, with citizens' councils being formed to block the movement. Councils are active in Dallas, Fort Worth, Gilmer, Kilgore and La Grange, and a charter is being sought for a State organization.

The Arkansas break. Arkansas, where two school districts voluntarily desegregated last year, opened up two more white schools to Negroes this autumn. Fayetteville and Charleston mixed the races last year. Hoxie and Biggers-Reyno opened mixed schools this year. After several weeks of quiet operation at Hoxie, the pressures grew so high that the school was closed down early for the cotton-picking season so that the situation could cool off. In the 4 integrated schools of Arkansas, there are 49 Negroes and 2,170 white students.

As that in Texas, the Arkansas break with tradition is being taken as a symbol in the Deep South. At Hoxie, there have been charges that outside money and material were sent in from elsewhere in the South to stir up trouble. "White America, Inc.," is organizing in Arkansas and promising political reprisals against those who do not fight integration.

Among the Border States, Oklahoma and Kentucky are now beginning to open white schools to Negro pupils. The State boards of education in Oklahoma and Kentucky are backing the movement toward integration.

In Oklahoma, 88 of the 1,802 school districts are opening mixed schools this autumn. The biggest operations are in Oklahoma City and Tulsa. Some pressures have been reported brought upon Negroes to prevent them from registering in white schools. But, in one Tulsa high school, six Negro boys registered without difficulty and drew football equipment to go out for the team.

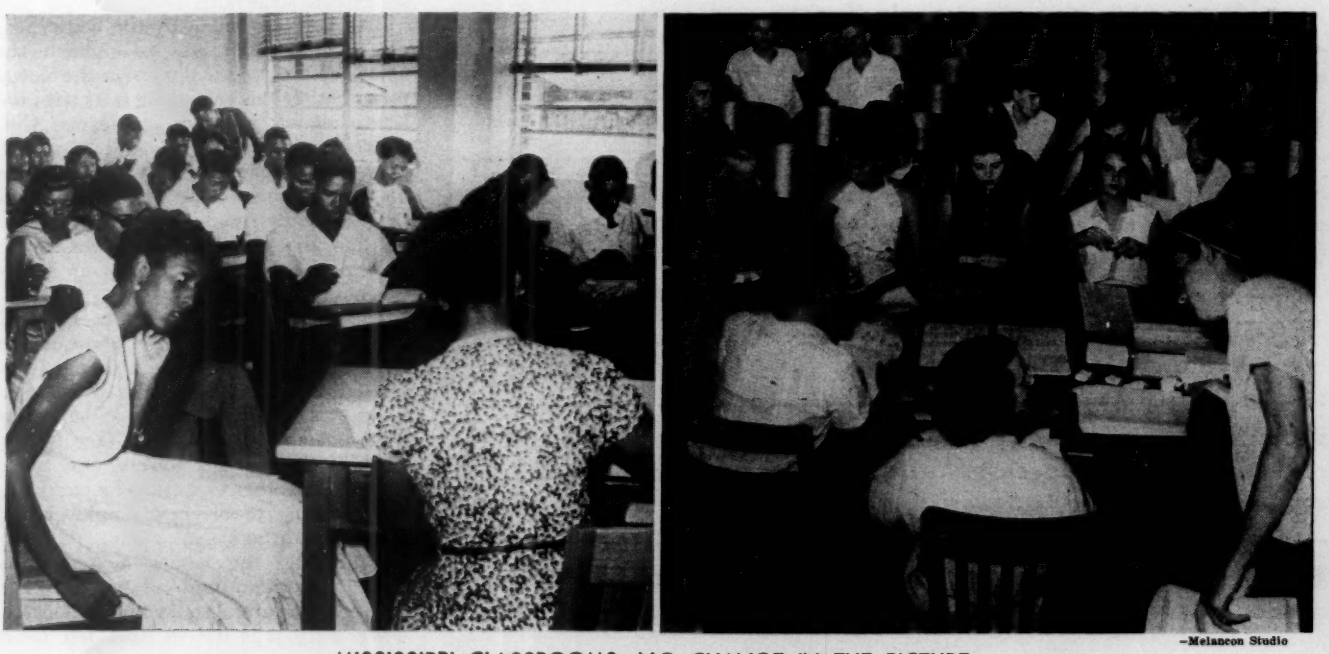
In Kentucky, at least 10 counties are bringing the children of both races into some schools together, along with cities and towns such as Owensboro, Lexington, Newport, Barbourville, Carlisle, Dawson Springs and the Walton-Verona district of Boone County.

Good-will program. Louisville, with a 16 per cent Negro population, is making definite plans for integration next year. It is devoting this year to a good-will program between the races in preparation for the step.

The problem varies widely in Kentucky. Thirty of the 120 counties in the State have few Negro pupils or none at all. The Negro population ranges upward in the lowlands of the State to as high as 23 per cent in Christian County.

Wayne County, Kentucky, with a little

(Continued on page 34)



—Melancon Studio

MISSISSIPPI CLASSROOMS: NO CHANGE IN THE PICTURE

Local authorities made it clear that they would continue to operate segregated schools

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MIXED CLASSROOM IN LULA, OKLAHOMA

WASHINGTON, D. C.—THIS SCENE WILL BE REPEATED

Photos: Ada Oklahoma News, USN&WR, Wide World

STUDYING TOGETHER IN HOXIE, ARKANSAS
In the Deep South, a feeling of encirclement

less than 3 per cent of Negro population, was one of the first counties to come up with a plan for full integration. Here, some of the Negroes preferred to continue in their own school. It is a big, consolidated school. Many of the white schools in the county are small—one, two and three-room buildings. Two of the other counties integrating this year are Floyd and Campbell, with 1 per cent Negro population. But there also is Fayette County, with 17 per cent of Negroes.

Border-area shifts. In Missouri, which started integration last year in some areas, the job is being carried forward this year to a point at which 52,800 of the 66,000 Negro pupils in the State will be going to integrated schools. The biggest operations are in Kansas City, with 12 per cent Negroes, and St. Louis, with 18 per cent Negro population.

The strongest opposition in Missouri—as in West Virginia, Delaware and Maryland, all of which made a start toward integration last year—is in the farming sections where the percentage of Negroes in the population runs highest. Mississippi County and New Madrid and Pemiscot counties, on the Mississippi River in the southeast corner of the State, with a Negro population ranging from 16 to 22 per cent, are not desegregating this year.

Similarly, the opposition to integration is running highest in West Virginia in the counties along the Virginia border. Only five counties in the State have more than 10 per cent of Negroes in their population. These are moving more carefully toward mixing races in the schools than are the other counties.

Maryland and the District of Columbia began desegregation last year. Baltimore and Washington are going ahead with mixed schools for the second year, and the movement is spreading into the Maryland counties in the Washington suburban area, as well as into the hill counties of Maryland.

The big protests in Maryland are rising in counties along the Eastern Shore, where the Negro population runs from 20 to 40 per cent of the total. Most of these counties are delaying action. Similarly, the two southernmost counties of Delaware, except for one school district, are postponing integration.

The trend: bars down. All through the Border States, new doors are being opened to Negro pupils. There are a great many arguments and protests, and much serious planning. But the movement is going forward.

Looking outward, the States of the lower South are watching the bars go down around their borders, and bracing themselves for their own showdown which lies in the future.

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AN END TO THE BUTTER SURPLUS?

Consumption Is Up, Production Is Off

The butter problem that plagued the Government a while back seems to be working itself out.

In one year, the stockpile of butter in federal hands has been reduced 60 per cent. Government buying is down 55 per cent.

Reason: People are eating more butter. Output has dropped. Gifts and bargain sales have cut federal stocks. Government hopes to get out of butter business.

A few short months ago, butter was piling up in Government warehouses at the rate of a million pounds a day.

There seemed no end to supplies pouring out of U. S. dairy plants that bought farmers' surplus milk and converted it to butter to sell to the Government.

Now the butter stockpile gets only passing mention in reports on the farm-surplus situation. What has happened?

The answer is that production of butter is down and consumption of butter is up. For the first time in three years, supply and demand are fairly close to balancing. As shown in the chart on this page, Government buying of butter in the 12-month period that ended July 31 was less than half that in the same period of 1953-54.

The mountain of surplus butter, which totaled 456 million pounds a year ago, has been cut to 184 million pounds through a vast program of cut-rate sales and giveaways. Secretary of Agriculture Ezra Taft Benson is hopeful that the Government can quit buying butter to support prices by the end of 1955.

To work the Government out of the surplus-butter business, dairy farmers and Agriculture Department officials have taken a business approach to the problem.

They started with the milk from which butter is made. The objective was to halt the upward trend in production and at the same time increase consumption, thus leaving less surplus milk to be made into butter.

To increase the consumption of milk and its products, dairy farmers got together in the American Dairy Association to advertise their wares. When Walt Disney launched his "Disneyland" program on television, the dairymen signed up as a cosponsor. This year they are spending 5 million dollars for advertising.

Another spur to consumption was Government action reducing support prices on dairy products from 90 to 75 per cent of parity in April, 1954. This was bitter medicine for dairy farmers, but it dropped grocery-store prices of milk, butter and cheese.

The combination of promotion and price cuts—with a big assist from about 4 million babies born during the year—paid off in increased consumption. In the 1954-55 milk-marketing year that ended last April 1, milk consumption increased 6 billion pounds over the previous year.

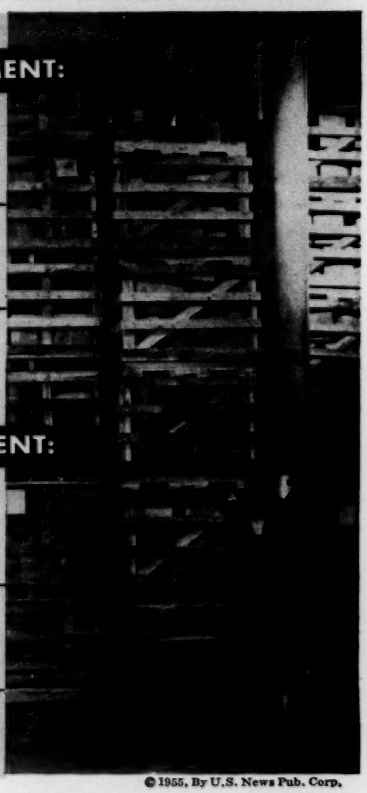
While this was going on, dairy farmers were working to halt the expansion of milk production by pushing a campaign to get rid of low-producing cows. Lower prices, due to the reduction in Government price props, also made it less profitable to milk the poorer cows, and a number of inefficient dairymen went out of business. Net result has been that milk production has leveled off.

All this indicates, in the opinion of Secretary Benson, that the Government may be able to go out of the butter-buying business by the end of the year. If so, taxpayers can look forward to a sizable saving on price-support operations.

If supply and demand do come into balance, such losses will stop. Some dairy experts, however, see more trouble ahead. They say the record supply of feed grain now on hand, at lower prices, is bound to stimulate more milk production.

Only time can tell whether this view, or that of Mr. Benson, is correct.

Is Government Getting Out of the Butter Business?



BUTTER BOUGHT BY GOVERNMENT:

In year ending July 31, 1954
355 million pounds

In year ending July 31, 1955
159 million pounds

DOWN 55 per cent

BUTTER OWNED BY GOVERNMENT:

July 31, 1954
456 million pounds

July 31, 1955
184 million pounds

DOWN 60 per cent

Source: Agriculture Department

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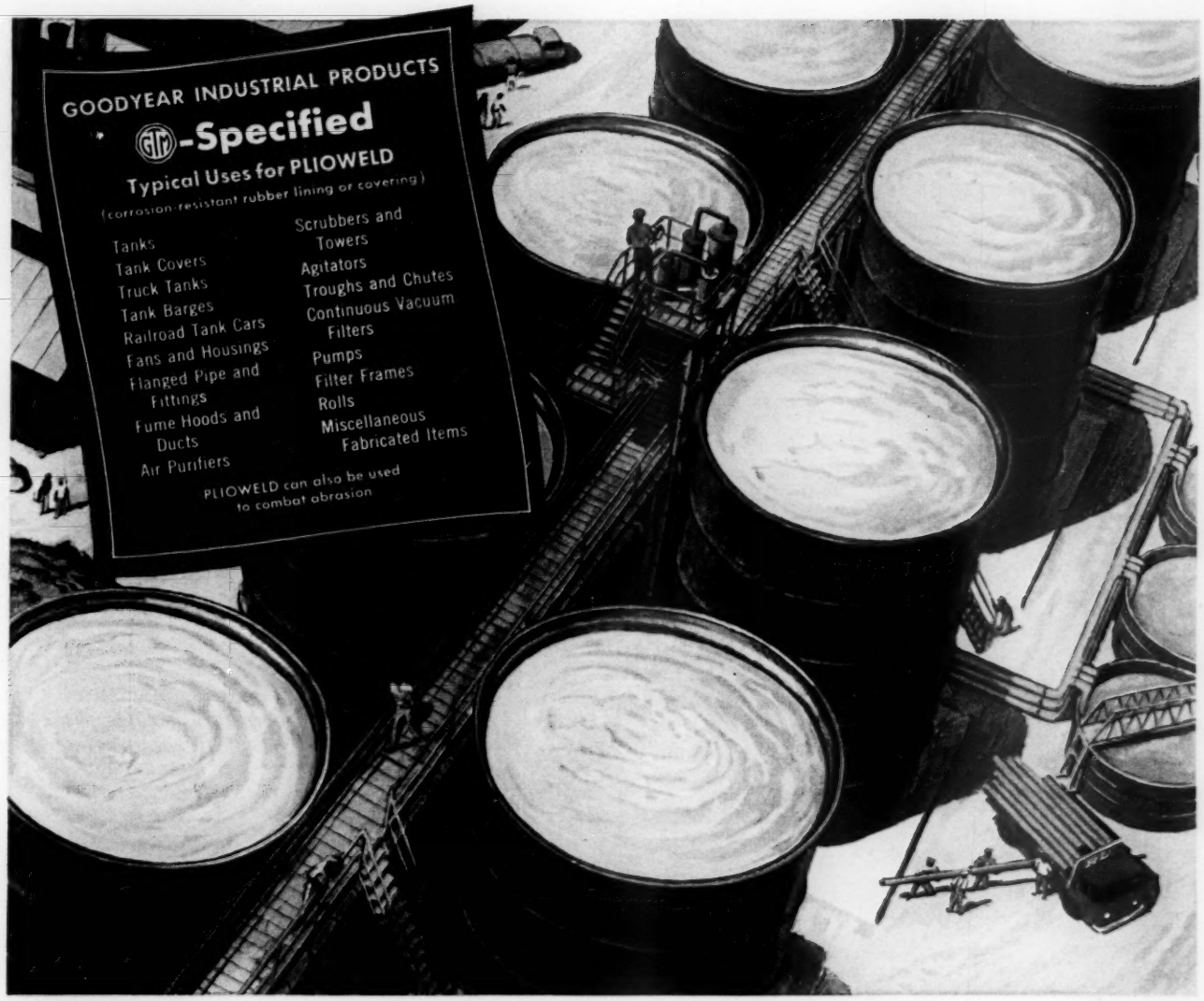

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Is There a "Freedom to Travel"?

That's the New Issue in Security Cases

How to deny passports to "security" suspects—it's a growing problem for the U. S. Old travel bans don't work any more.

Court decisions are forcing a change in controls.

Ports are still closed tight against known Communists. But it is harder than ever to keep hidden Communists and fellow travelers from getting out of the country.

New questions are being raised over who can and cannot leave the United States to travel abroad.

State Department officials, after some 40 years of setting the rules by which citizens leave the country, are finding that they don't have the last word to say about such things any more—even when the national security is involved.

Known Communists and those who flatly refuse to sign non-Communist statements still can be kept in check. But many persons who, in the past, have been denied passports as "security risks" suddenly are discovering that they can get out of the country almost at will. They can travel just about anywhere they choose on either side of the Iron Curtain. Once abroad, they can say anything they want to about the U. S.

To keep a "security" suspect at home, the State Department now has to go into court and prove that the nation's security would be jeopardized by letting him leave.

The Government won the first round in a court fight to block singer Paul Robeson from traveling abroad. But until recently such controversial individuals have been kept in the U. S. simply by the State Department's refusal to issue a passport. Now the Government may be forced to present evidence acceptable in court to justify withholding a passport.

In the last few months, seven "security cases," denied passports by the Government, have gone to court and forced the State Department to let them go abroad. In two other cases the Department issued passports in controversial cases without even bothering to wait for a court ruling.

Coming: more suits. And that may be only the beginning. Six cases are pending before the courts now. At least 20 more are being prepared. The Passport Office estimates that, on the basis of past refusals, scores of cases could be brought against the Government by persons who have been denied passports on security grounds.

This new easing of passport restrictions is the result of two recent court decisions that are prompting Washington officials to make a complete restudy of their system for keeping check on Americans who want to go to foreign lands.

The lower courts, in effect, have told the State Department it cannot prevent an individual from receiving a passport unless it produces evidence in open court to justify its refusal to act. So, once again, the Government is facing a dilemma that has been at the heart of its security program from the beginning—whether the U. S. must bring into the open all the evidence it holds of possible security violations.

"If we must follow the decision of the courts," one passport official says, "the Government will be powerless to prevent the departure of an atomic scientist from the United States even though we know on the basis of inadmissible or undisclosable evidence that such a scientist plans to go to the Soviet Union and work on the atomic bomb there."

In many cases the Government's information on "security risks" is based on confidential tips or evidence gathered by security agents whose identity is not generally known. State Department lawyers feel that, if they are compelled to open up security files to the public and reveal confidential sources of information, the whole antisubversive operation will be crippled. There is concern that bringing secret informants into the open will destroy their usefulness. Rather than do so, the Government often will go ahead and issue without contest a passport it would like to dispute.

Security vs. rights. The legal argument over passports boils down to a basic issue between national security and the extent of civil rights of an individual.

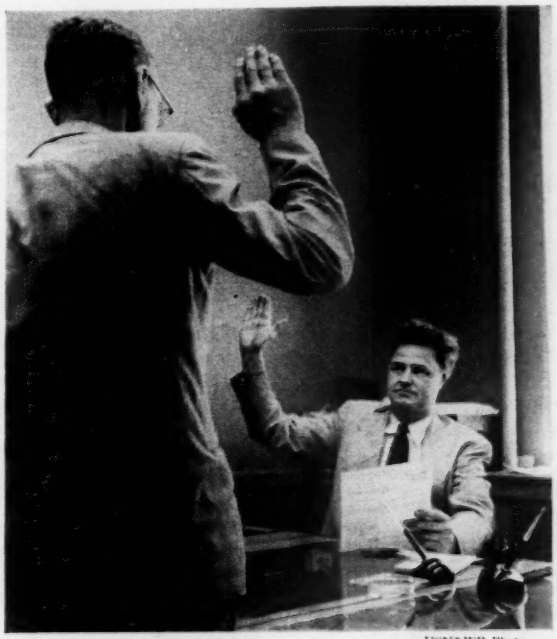
So far, the Government has lost out in the courts—except in the Robeson case. But State Department lawyers say they eventually plan to take the issue to the Supreme Court, seeking a ruling once and for all on whether the Government can be forced to reveal its secret information in order to stop a "security risk" from leaving the U. S.

Actually, the number of persons denied passports on security grounds is small when compared with the hundreds of thousands of Americans who are constantly being cleared for travel abroad.

Since September of 1952, when the security regulations were adopted, nearly 1.3 million passports have been issued or renewed. In the same period, only 225 applications were rejected on political grounds—and at least a fourth of those cases were cleared later and passports granted.

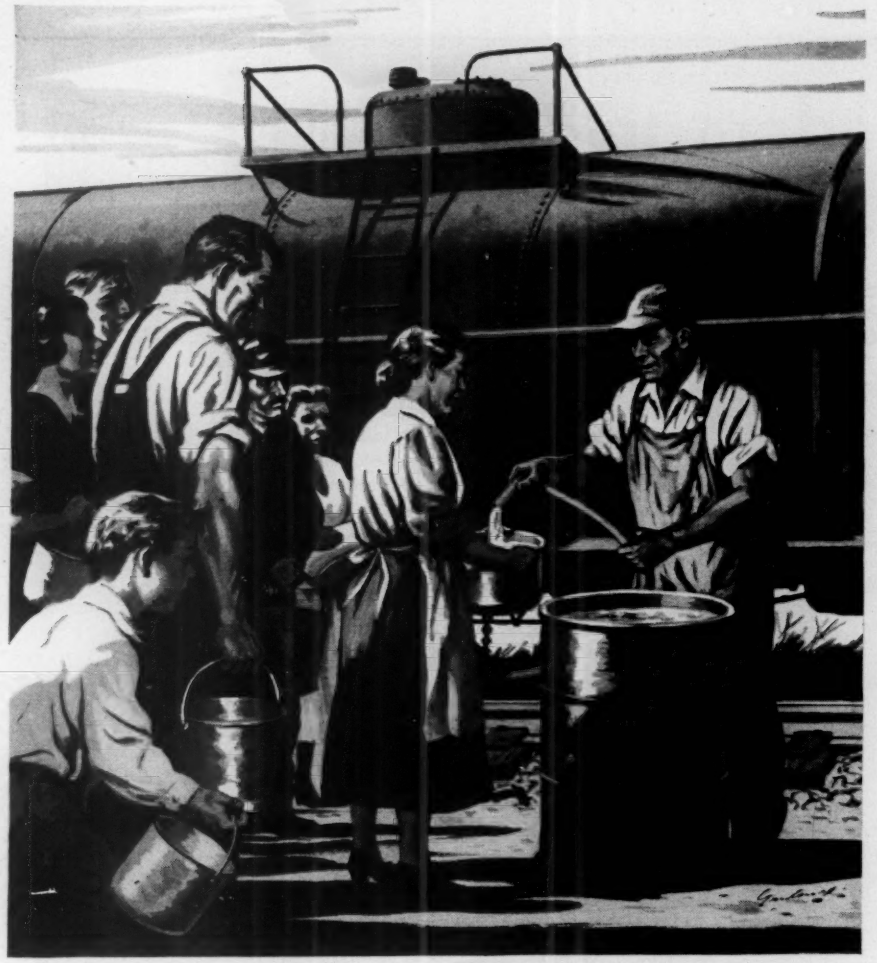
Whatever happens in the court tests of security rules, the regulations under which passports are denied or restricted seem certain to be changed considerably in the period ahead. For example, the State Department is revising the regulations which control the travel of Americans to the other side of the Iron Curtain. Under the new rules, Americans may be permitted

(Continued on page 40)



–USN&WR Photo

PASSPORT APPLICANT TAKES OATH
In most cases, it's routine



how do you want your water ... tap or tank car?

Only last year there were drought-stricken American towns that watched tank cars roll in with a precious cargo — water!

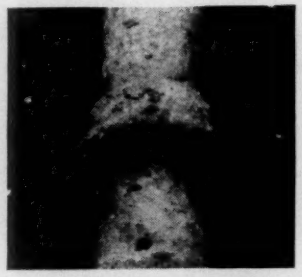
It could happen to *you*.

Family consumption is over 22 billion tons of water yearly. New industrial techniques account for many billions more. Yet the same American ingenuity that cries, "Water, more water" can not add a drop to the rainfall that assures it.

In short, we Americans no longer can take water for granted.

Do *your* part to conserve our cheapest yet most valuable natural resource. Cooperate fully with your water officials. Support the forward-looking water projects they propose.

They'll assure you the plentiful, uninterrupted water supply you'll need for the future.



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WATER, your priceless heritage . . . use it . . . enjoy it . . . protect it with . . .

CAST IRON PIPE

CAST IRON

[continued]

A "FREEDOM TO TRAVEL"?

to visit any country that is recognized by the U. S. This includes Soviet Russia and most Communist countries. Red China and Bulgaria aren't recognized.

The question of freedom to travel abroad is a comparatively new one in the U. S. Before World War I—with the exception of the Civil War years—American citizens who wanted to leave the country simply got on a ship and went. Travelers could get passports if they wanted, but the papers were a convenience, not a necessity. The only countries that demanded them in those days were Turkey and Russia.

How controls began. When the U. S. entered World War I, the Government decided to limit travel, in the interest of national security. Congress passed a law making the passport an essential document for those leaving the country. In one form or another, travel controls have been in force ever since.

After the first World War closed, the U. S. did try to lift restrictions on travel. By then, however, most foreign countries were insisting that American visitors carry passports, so the documents remained a necessity.

So far as American Communists are concerned, the Government has changed its travel rules regulating their movements many times. Shortly after the Russian Revolution the U. S. decided to refuse passports to American Communists who were going abroad "for indoctrination and instruction." The rules later were modified and, for several years, all restrictions on passports for Communists were removed.

When the Iron Curtain started coming down after World War II, the State Department—already apprehensive of Communist gains in Europe—reimposed its ban on American Communists to keep them from leaving the country. As the "cold war" intensified, the Government began withholding passports not only from known Communists but also from active fellow travelers and Red sympathizers.

The tighter restrictions ran into a blast of criticism. Dean Acheson, Secretary of State at the time the new regulations went into effect, declared that much of the criticism came from "Communist organizations who attack the Department and undermine its work in order to obtain greater freedom of movement for people engaged in the Communist movement and in Communist-front organizations."

The present regulations are precise in their aim of blocking "security risks" from leaving the U. S. One section, for example, gives the State Department the power to deny passports to "persons, re-

gardless of the formal state of their affiliation with the Communist Party, as to whom there is reason to believe, on the balance of all the evidence, that they are going abroad to engage in activities which will advance the Communist movement for the purpose, knowingly and willfully, of advancing that movement."

Another provision is intended to ban travel by non-Communists "who engage in activities which support the Communist movement."

It is these regulations that are under attack now.

The State Department has the means of keeping known Communists from leaving the country. The regulation forbidding them travel is based on the intent of the Internal Security Act of 1950. If a suspected Communist applies for a pass-

–USN&WR Photo

PROCESSING U. S. PASSPORTS
. . . with one eye on the courts?

port he is asked to sign a non-Communist affidavit. Under Department rules, if he refuses to sign he gets no passport.

The alternative now. Many so-called security cases fall in another category, however. These are people not openly identified with Communism. Government security officers often have confidential evidence in such cases, but they feel that producing that evidence in open court could undermine the whole system of security checks. Rather than run that risk, the Government may issue the questioned passport to protect its own sources of information.

Cases such as this are bringing about changes in handling the issuance of passports. As it looks now, the question of how far the Government can go in controlling the travel of Americans abroad eventually will be decided by the Supreme Court.

AUTOMATIC ELECTRIC—A GREAT NAME IN COMMUNICATION AND CONTROL

IT IS A SMALL WORLD

Few things have helped to conquer distance like the *automatic dial telephone*, which today enables most of the earth's telephone users to communicate easily and conveniently.

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As originators of the dial telephone, Automatic Electric pioneered scores of important developments which have since become standard throughout the telephone industry. *If you use a telephone, you benefit from the developments of Automatic Electric.*

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AUTOMATIC ELECTRIC

ORIGINATORS OF THE AUTOMATIC DIAL TELEPHONE

GERMAN ARMY IS A LONG WAY OFF

It Will Be 1960 Before Troops Are Ready

After years of talk, Germans are ready to start rebuilding military forces. But urgency is missing, fear of attack gone.

When build-up is complete, Germans will have more divisions than any other Allied force in Europe, thousands of jets and tanks, new atomic gear, even a submarine fleet, under current plans.

Timetable, however, once two years, now is at least five.

BONN

It is clear now that it will be 1960 before a German Army is ready to take its place in the West's defense line against Russia.

German rearmament is getting under way at this time, but its pace is slow. Chancellor Konrad Adenauer, about to negotiate in Moscow, is under some pressure to delay the whole program until he has completed diplomatic talks there. The Chancellor rejects all such suggestions, but Allied military leaders long since have abandoned hope for a speedy German build-up.

Recruiting, about to begin, is geared to bring in only 6,000 commissioned and noncommissioned officers by December. It will be next spring before serious efforts start to build an all-volunteer, 150,000-man professional cadre. Not until 1958, as plans stand, will the first draftees be called.

Not long ago, American military men thought that Germans, once started, would rearm in two or three years. There was even an official plan, in 1952, to raise 12 German divisions in 22 months. But the story is different today.

The outlook now is that it will take five years for Germany's forces to be organized, filled out with draftees, trained and made ready for combat. That is the present considered opinion of most American officials in Bonn, despite German assurances that the Army will be ready within three years.

As plans are at last shaping up, the German forces when finally created will be the most powerful—and the most modern—in Europe west of the Iron Curtain, despite all Communist efforts to scuttle or minimize rearmament efforts. Active German divisions, in fact, will match in numbers the total now maintained on the continent of Europe by Britain, France, Belgium and Holland.

Germans, moreover, will have 2,000 planes. And they will have at least 3,000 tanks—more armor than the U. S., British and French forces in Europe combined.

In addition, Germans are to have airborne units, submarines, the latest jet planes, everything but atomic weapons. Like other North Atlantic Treaty Organization forces, the Germans will get their atomic support from American units equipped with atomic bombs, artillery, rockets and guided missiles.

Some weapons waiting. The United States already has stockpiled most of the heavy equipment for half of Germany's projected 12 divisions and 20 air wings. As a starter, the Germans have been promised 900 million dollars in arms gifts alone, including more than 1,000 Patton tanks and 600 jet fighters.

The defense build-up, after five years of debate, is revealed as a massive task that will cost more than 15 billions. Germans, who are enjoying record prosperity

TIMETABLE FOR BUILDING A GERMAN ARMY

BY DECEMBER 1955	**First 6,000 officers and noncommissioned officers to be on duty**
BY SPRING 1956	**Recruiting starts, to build 150,000-man nucleus of professional force**
BY 1958	**First draftees to be called up**
BY 1960	**Combat-ready ground force of 370,000 men to be completed**

after years of poverty, are approaching this burden with reluctance, but most accept it as necessary and unavoidable.

A look behind the scenes shows some of the reasons why more time will be needed than earlier plans called for. Under the blueprint now ready, more than 350,000 new men must be trained. In addition, a retraining program is required for World War II veterans who are still usable. Not a single arsenal has been left standing in Germany, so arms plants must be built from scratch. So must most military bases and barracks. A quarter of Germany's construction industry will have to be switched to defense work, as will half the truck plants now producing for the home market.

German defense planners, in working out the new blueprint, have looked over U. S., British and French experimental units for latest techniques. They set out to design every German unit from the ground up for participation in atomic combat, rather than for the kind of battles fought in World War II. Even the material for uniforms has been selected, from a Belgian invention, to provide maximum protection against the searing heat of atomic blasts.

On the ground. As conceived now, the new German Army, of 370,000 men, will comprise six armored divisions, six fully mechanized infantry divisions and three 5,000-man airborne brigades. Infantry divisions will have 13,600 men each; armored divisions, 12,800.

Infantry divisions will each contain seven infantry battalions, rather than the standard nine of U. S. divisions. There will be no regiments, only flexible combat commands, two to a division. Each combat command will be a "task force" headquarters, capable of directing as many battalions as are assigned to it.

There will be no "walking infantry." Each division will be equipped, like U. S. armored-division infantry, with armored personnel carriers, tracked and carrying 12 men each. Plans call for 6,000 of these vehicles, enough to provide protected cross-country mobility to every infantryman in the new German Army. Each U. S. infantry division now possesses only seven such carriers. Each German infantry division will contain about 600.

Ten German divisions, organized into four corps, will be assigned to the central front. A fifth corps of two divisions will be deployed in Schleswig-Holstein, under NATO's Northern Command, to defend the approaches to Denmark.

In the air. The 70,000-man German Air Force is to contain 1,326 combat planes, plus two wings of troop carriers and about 200 training planes. It will have 18 all-jet combat wings, including 10 fighter-bomber wings, 6 interceptor wings—2 of them equipped with all-weather fighters—and 2 reconnaissance wings.

Air plans call for training 2,000 combat pilots initially. Probably 500 will be sent to the U. S., in relays, for instruction. In addition, about 120 *Luftwaffe* veterans will start this autumn to get six-month refresher courses at three U. S. jet bases in Bavaria. They will then take over much of the training of other German pilots.

The Germans initially expect to equip their fighter-bomber wings with U. S. F-84F jets—the swept-wing Thunderstreaks. They are planning to buy about 300 jets from Britain for their day-fighter wings. Spare parts and jet engines for these planes may be made in Germany under license, later on.

At sea. A German Navy is planned, too, in basic detail. It is to contain 20,000 men and 180 ships, including two squadrons of destroyers and a score of small, 300-ton snorkel submarines. It also will have about 100 naval aircraft for anti-submarine and reconnaissance work.

There are even provisions for naval commando-type units, equipped with tank-carrying landing craft of 350 tons for infiltration attacks on the Baltic Coast.

That, in brief, is the German rearmament plan now getting slowly under way. But it will be a long time before rearmament becomes a reality. Fear of a Soviet attack, high in 1950, has dwindled in Germany since Stalin's death and virtually disappeared after recent Russian "co-operation" moves. Some political leaders, in fact, are urging that rearmament be postponed until negotiations with Russia are completed. Chancellor Adenauer has turned down these proposals as he leaves for Moscow. Yet he seems unable to restore a sense of urgency to Germany's slowed-down defense program.

REARMED GERMANY WILL HAVE THIS STRENGTH

- 6 armored divisions
- 6 mechanized infantry divisions
- 3 airborne brigades
- 20 air wings
- 1,326 combat planes
- 180 naval ships
- 370,000 men in the Army
- 70,000 men in the Air Force
- 20,000 men in the Navy

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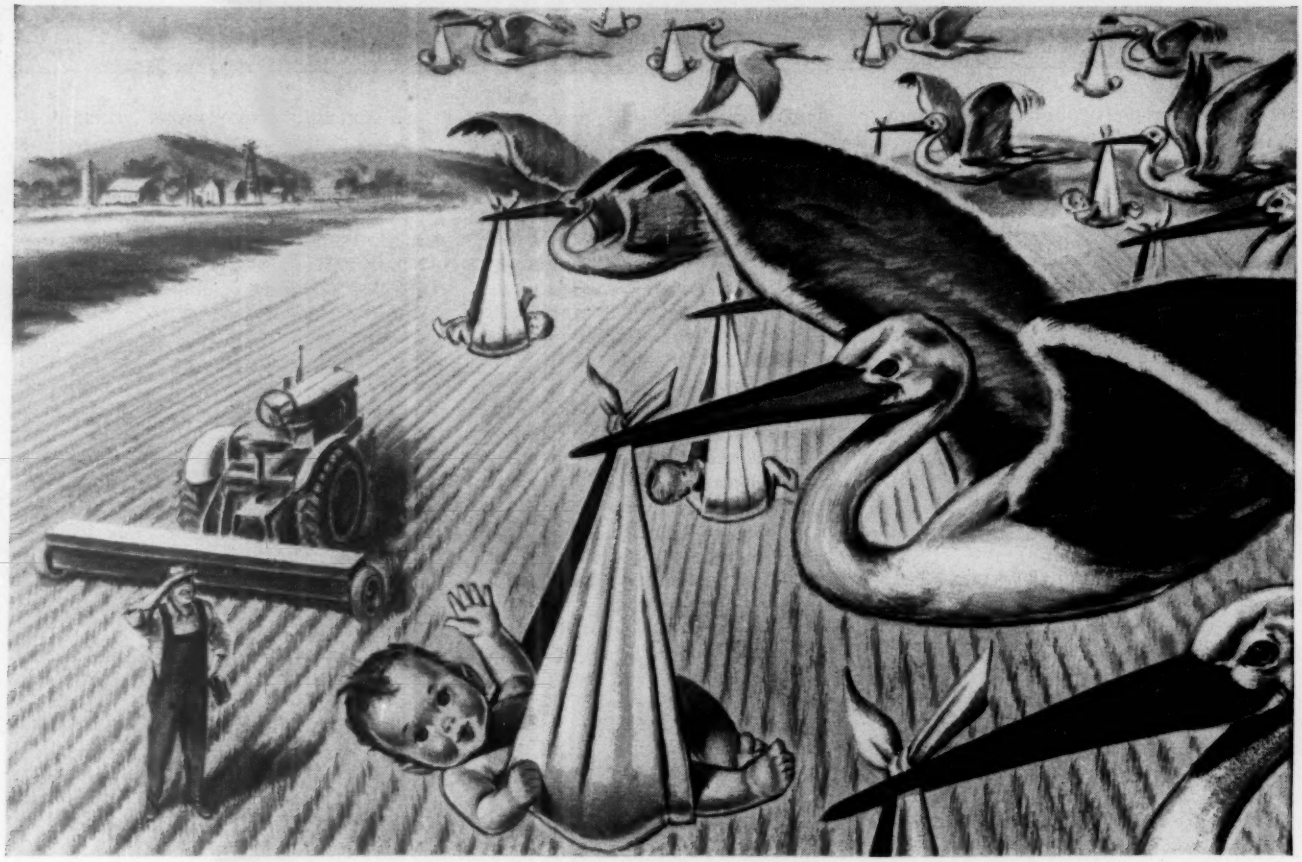

Biggest "Crop" of Babies Ever...

and it's going to take bigger crops to feed them!

HOW LION FERTILIZERS ARE HELPING SOLVE THE FOOD PROBLEM

In 1954, births in the United States totaled approximately four million—the highest figure ever recorded in the nation for a single year.

America's population is increasing at an astounding rate, but there is a continuing decline in agricultural workers and in the amount of new land which might be used for agricultural purposes. As these trends undoubtedly will continue, the experts foresee the time when assuring an adequate food supply for all will be a grave and compelling problem. Fortunately, they have the answer—the fertility of available farm lands must be increased and maintained through the use of enormous supplies of vital plant foods.

Already, Lion has assumed a leading role in preparing for that future. In the past year, the volume of fertilizer materials produced by Lion was increased by more than 50 per cent when the new Barton Chemical Plant was put "on stream" near New Orleans, augmenting the large-volume production of Lion's giant El Dorado, Arkansas, petro-chemical plant.

Today, with two vast chemical plants operating around-the-clock, Lion is the world's largest manufacturer of prilled ammonium nitrate. The Company also produces sulphate of ammonia, a variety of useful nitrogenous solutions, and anhydrous ammonia—providing farmers a dependable source for the most popular and economical forms of nitrogen fertilizer materials.

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FROM THE CAPITALS OF THE WORLD

BEIRUT....GENEVA....HONG KONG....

>> Take all the troubles of today's world. Add them up. What you get looks pretty much like yesterday's "cold war," plus a few fresh worries.

Men are dying with guns in their hands in half a dozen little wars.

>> Smiles are fading. While Soviet Russia talks disarmament, Soviet ambassadors are busily offering arms to the Arab states, close to war with Israel. That's Moscow's old "cold war" policy: Talk peace, but stir up war.

>> If an Arab-Israel truce gives way to an all-out war at some point.....

Israel has the edge, militarily. It's tiny--only 1.7 million people in a pocket-size country smaller than the State of New Hampshire. But it's ready.

Practically every Israeli male between 17 and 50 is a well-trained and well-equipped soldier. In 48 hours, Israel can mobilize 250,000 men. Conscripts must serve two and a half years. Arms are ready. Battle plans and code signals are ready, too. Women, also, are conscripted for the Army.

>> As for the Arab states, with 40 million people in an area larger than the United States, but mainly desert, there is much weakness, little strength.

Arab armed manpower is less than 225,000. Jordan has 20,000 armed, battle-ready troops. Egypt has 100,000, some good, some poor. Syria and Iraq each have 40,000. Lebanon, Saudia Arabia, Libya, Yemen and the Sudan cannot contribute much. Lacking: a unified command, battle plans, training, arms.

>> The danger, in the Arab-Israel quarrel, is not that Arab armies will swarm over Israel any time soon. It is that border incidents, sporadic shooting by both sides, may get out of hand and explode into full-scale war.

Long-term, Israel fears that the Arab countries might finally get together, buy arms, unite their command and, eventually, hit in force. Arab plan is to keep the pressure turned on. Truces in the past haven't changed that plan.

>> It really is a touchy situation, one Moscow is not overlooking. Washington isn't overlooking it, either. In fact, U.S. already has moved.

Secretary of State Dulles has made a standing offer of U.S. aid--financial and otherwise--to restore calm. In a sense, it is a countermove to aid of another sort that is talked about: Soviet arms for Arabs.

>> Look for a common element in the shooting in the Arab world. What you come up with is Egypt. Egyptians support natives fighting Frenchmen in North Africa. Egypt is involved in a rebellion in the Sudan. Egypt leads the Arab quarrel

(over)

with Israel. Egypt has forced Britain to abandon its Suez Canal base.

What's new in Egypt? Well, mainly new friends. Soviet Russia is wooing Egyptian leaders eagerly and attentively. Prime Minister Nasser has agreed to visit Moscow next spring. New arms, or old, but usable, may be sold to Egypt by Communist countries. New trade deals have been signed between Egypt and the Communist countries of East Europe, between Egypt and Red China.

Is Egypt, then, going Communist? No, say the experts. But Egypt's ambitious military rulers find Communists sympathetic and understanding. And Moscow is looking for troublemakers. It could be a dangerous friendship.

>> Old wars and the makings of new ones stretch from Morocco to Korea. To show you where there is fighting and what it's about.....

The Gaza strip. That's a small slice of land run by Egypt and packed with Arab refugees from Israel. There Egypt and Israel are flirting with real war.

Morocco. That's a French protectorate where Berber and Arab natives both are shooting Frenchmen. Probable outcome--more independence for Morocco.

Algeria. There France is trying to turn Arabs into French citizens. The result: More Frenchmen were killed and wounded in Algeria than in Morocco.

The Sudan. That's a million square miles of desert and tropical forest in the upper Nile area. Its people are to make a choice: independence or membership in the British Commonwealth or union with Egypt. Now part of the Sudanese Army has rebelled. You can't tell, for sure, who's ahead. It's a mess.

>> There's more. Skip Kenya, where Britain is trying to liquidate the last of the Mau Mau terrorists. Skip Pakistan, quarreling with India over Kashmir; India trying to force Portugal out of its little colony of Goa on the Indian coast. Shooting, tension have been declining in these places. Still left.....

Malaya. Britain continues to fight Communist rebels in the jungles.

Laos. That's in Indo-China. Communists agreed 15 months ago to pull their rebels back into two northern provinces and keep the peace. Instead, they now are trying to shoot their way south into the heart of the kingdom.

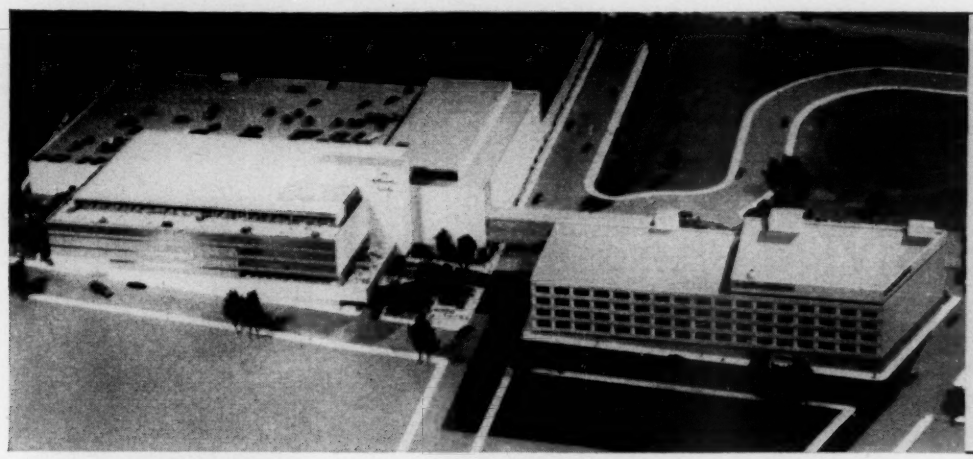
Korea--where the U.S. fought a bloody war--has no peace. There's no real shooting yet. But Communists are making a joke of the cease-fire agreement, building up their armed forces, spying in South Korea. It's explosive.

>> It's hard to tell which Communists to watch. Russian leaders smile and talk of "relaxing tensions." Red China's leaders do otherwise.

At Geneva, a U.S. ambassador has talked for months with a Red Chinese ambassador about 41 American civilians held by the Communists. There is no sign, yet, of a real "relaxing of tensions" in Asia. On the contrary.

Red China stands behind most of the shooting in Asia. Communist-led rebels keep guerrilla wars going in Malaya and in Burma. Arms from Communist North Vietnam, supported by Red China, are going to rebels in Laos. Communist North Korea, now virtually a province of Red China, is arming heavily, violating another agreement. Everywhere in Asia, Red China is building up tensions.

>> One bright spot. In six years of independence, there has been little but angry criticism of the U.S. from Indonesia's governments. Communists have prospered. Now there's a change. A new Premier, Burhanuddin Harahap, leader of a party which expects to win the coming elections, says: "I like the U.S."



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Hajoca Corporation, of Philadelphia, leading eastern wholesaler of plumbing, heating, air conditioning, refrigeration, and industrial materials, uses Copyflex to speed and simplify invoicing paperwork in its 33 eastern seaboard branches, typified by the modern Philadelphia branch shown here. With Copyflex, customer invoices are produced directly from shipping orders without the time and cost of manual transcription. This has resulted in substantial savings for Hajoca Corporation and improved service to thousands of customers.

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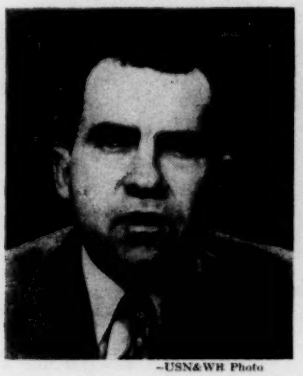
THE MAN ... Mr. Nixon **THE NEWS ... What About '56?**

Why the Vice Presidency Is In the Spotlight

If Mr. Eisenhower runs again, his intimates expect him to select Mr. Nixon as his running mate. The Vice President, despite critics, has impressed the President by his loyalty, ability and usefulness.



–USN&WR Photo

REPUBLICAN LEADERS are making a new appraisal of Vice President Richard M. Nixon. These officials assume hopefully that President Eisenhower will run again next year. On that assumption they are turning increasingly to the question of who the party's vice-presidential nominee will be.

Mr. Eisenhower, himself, recently raised the possibility that if re-elected he might not survive a second term—hence that the Vice President elected with him would succeed to the Presidency. What he said was that no President has lived to be 70 while still in office. He would reach that age three months before the end of a second term.

This has intensified the concern of the party's leaders. They are fully aware, however, that the President, if he accepts renomination, will be in a position to name his own running mate. And, as of now, there is little doubt among those close to the situation that the Chief Executive's choice would be Mr. Nixon.

Objections. Not all Republicans view this prospect with enthusiasm, however. Mr. Nixon has many friends within the party, but he also has his critics, some of them powerful.

There are Eisenhower enthusiasts who regard the Vice President as a latecomer to the middle-of-the-road philosophies of the Administration, consider him a man fundamentally oriented further to the right.

Others object that Mr. Nixon has alienated independent voters and many Democrats whose ballots the party may crucially need to win a national election. It is argued in these quarters that Mr. Nixon's presence on the ticket, coupled with the possibility that he might succeed to the Presidency itself, might become a principal issue and cost the party thousands of votes.

In Mr. Nixon's home State of California, the Republican State organization regards him as virtually an outsider. It has urged that Mr. Eisenhower run again, has praised Mr. Nixon for his good-will tours but somewhat pointedly has not endorsed the Vice President for re-election.

Thus far, however, Mr. Nixon's critics have failed to come up with a man who might replace the Vice President. And if they should, it is considered doubtful that the President would listen. Mr. Nixon's standing with President Eisenhower is very high.

Objections overruled. As White House insiders explain it, Mr. Nixon has proved himself with the President. Mr Eisenhower has given him assignments of great difficulty and responsibility. He has discharged them to the President's complete satisfaction—so much so that the Chief Executive goes out of his way in casual conversations to praise Mr. Nixon highly.

Sitting with, and sometimes presiding over, the Cabinet and the National Security Council, the Vice President has been kept intimately familiar with every detail of foreign, defense and domestic policy. He has helped shape those policies. In addition, Mr. Nixon has made tours of Asia and Latin America that the White House considered highly productive. In November, he is to set forth on another such trip—to the Middle East.

The Vice President also moved easily into the role of a leading Administration political adviser. He has coached and tutored Mr. Eisenhower on politics and aroused his interest in the field by depicting it in terms of strategy and tactics. Last autumn, Mr. Nixon, on the President's behalf, bore the brunt of the campaigning for the congressional elections.

Mr. Nixon also has been useful in advising on legislative strategy and in adjusting potentially troublesome situations that have arisen in Congress and within the party. And he has saved the President's time by making speeches at his request and appearing for him on scores of ceremonial occasions.

As members of the White House coterie tell it, all this has made a deep impression on Mr. Eisenhower. Some members of this group say that the President may have considered the idea of replacing Mr. Nixon on next year's ticket but always has come back to him,

(Continued on page 50)

–Wide World

THE PRESIDENT WITH MR. NIXON
. . . a repeat performance in 1956?

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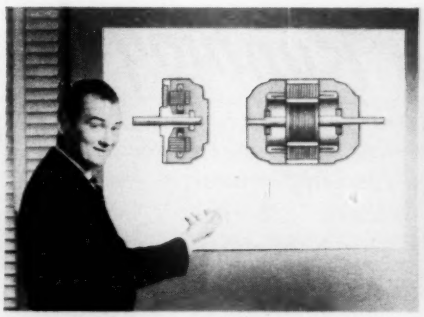
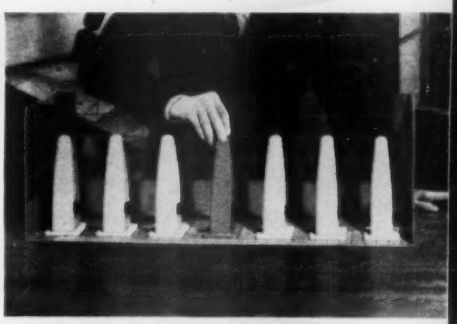
It is this kind of design approach that typifies the product bearing the Fairbanks-Morse Seal of Quality. When next you look for an electric motor . . . a scale . . . a pump . . . a diesel engine, look for the F-M Seal and see the difference that quality makes.

Fairbanks, Morse & Co., Chicago 5, Ill.



The Secret . . . is that the air gap in this motor is perpendicular to the shaft, rather than parallel as in a conventional motor . . . without sacrifice in performance.



The Result . . . is that by replacing conventional motors with F-M Axial Air Gap Motors, enough space has been saved to add one or more machines to the line.

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Vice President isn't too busy to shake hands . . .

inevitably. One White House insider puts it this way:

"Remember that Ike sees Nixon in a different light than a lot of people. He has a loyalty that the President values. He has backed the President in everything. He has matured considerably in the last few years. The President has looked for signs of maturity and he has found them.

"Nixon has worked quietly and efficiently. He has taken the heavy burden of speaking engagements. He has now fully subscribed to Ike's middle-of-the-road philosophy. You need only to check his speeches and his views on civil rights and foreign policy to see that Ike's philosophy is his philosophy. He has made good friends among the liberals. In the beginning he may have been to the right, but now he is a middle-of-the-road man."

Busy Vice President. Mr. Nixon, who will be 43 in January, is constantly busy and seems to thrive on work. His schedule is drawn up for weeks in advance. His work for Mr. Eisenhower takes up most of his time. But there are other things.

Callers swarm to his office throughout the day—individuals, delegations which want to be photographed with him, want his endorsement on some project or another. Whenever a Senator requests an audience for them they are received. During the height of the tourist season this year he held open house for a period each day, shook hands with a thousand or more people daily.

With Congress in adjournment, the Vice President is as busy as ever. He went to California, for example, for what was labeled a week's "vacation," but wound up with a luncheon and a dinner engagement every day. In between times there were conferences with his political associates and others.

From now until November, when he begins his Middle Eastern journey, he is booked solidly with speeches and meetings in all parts of the country. The schedule ranges from an appearance at a national corn-picking contest, in Ohio, to a speech in New Orleans before the Inter-American Press Association, at the request of the President.

Wherever he goes, the Vice President's associates say there always are numerous additions to the schedule. And always there are informal discussions with local Republican leaders, a making of new political contacts or renewing of contacts made during the 1954 campaign.

Going places? Mr. Nixon's rise in American politics has been phenomenally fast by any standard. He grew up in

. . . Mr. Nixon's pace in politics has been a sprint

California, studied law, went into the Navy in World War II and returned to California in 1946 to run, successfully, for the U. S. House of Representatives. He was re-elected in 1948. In the House, he played a leading role in the investigations of subversive activities in Government and attracted particular attention as the man who insisted on following the leads that later sent Alger Hiss to jail for perjury.

In 1950, Mr. Nixon was elected to the Senate, running independently of the organization dominated by Earl Warren, then Governor of California, and Senator William F. Knowland. In 1952, at the Chicago Convention, Mr. Nixon's was one of half a dozen names suggested by General Eisenhower for second place on the Republican presidential ticket. Eisenhower leaders then chose Mr. Nixon.

Assessing the political outlook, Mr. Nixon says that at present the Republican Party is not sufficiently strong numerically to elect a candidate for the Presidency and the candidate must be "strong enough to elect the party." His answer to this dilemma, of course, is President Eisenhower. The President's close associates, Mr. Nixon adds, never have been more optimistic about Mr. Eisenhower's running.

Then, given a continuation of peace and prosperity, Mr. Nixon expects a Republican landslide, with the party carrying the House and holding more than an even chance of carrying the Senate.

Mr. Nixon foresees the major Democratic issue as an attack on the administration's connections with big business.

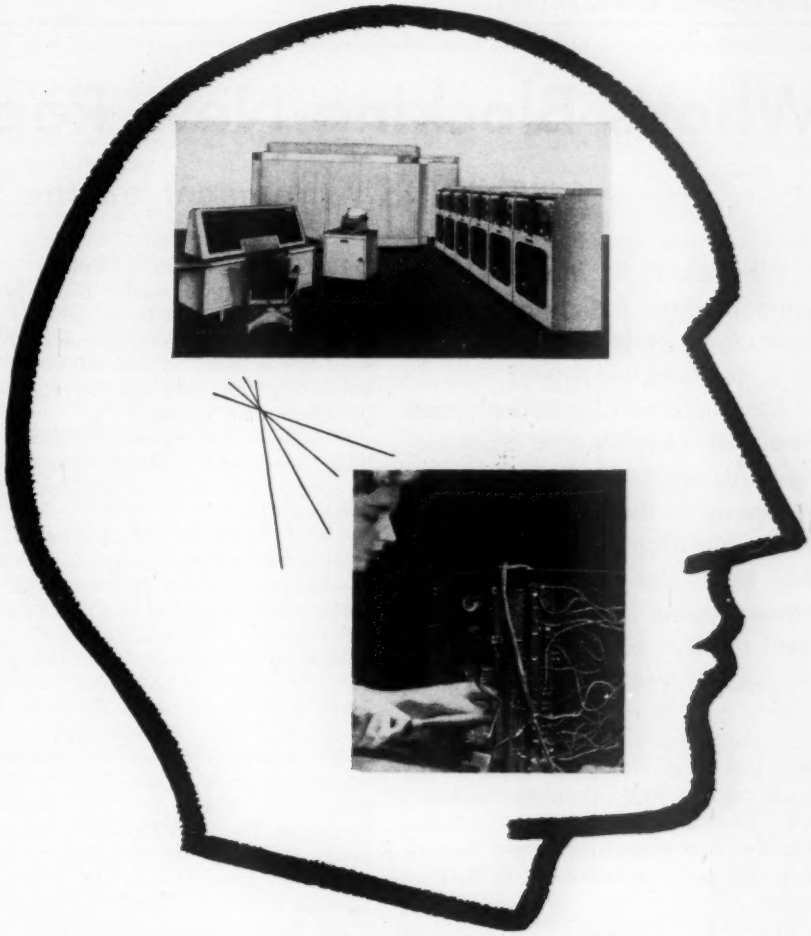
"But I am not concerned about that," he adds. "It will not draw the voters away from the fact that they are doing well under that sort of an Administration. The public will take a hard look at its pocketbook and realize that this is the case."

As for himself and 1956, he says:

"I have consistently declined to put myself forward as a candidate. I am realistic enough to know that no one can be a candidate for the Vice Presidency. That will be for the President to decide at the time."

As for the President's decision: Few now doubt that if Mr. Eisenhower runs again the ticket will include Mr. Nixon.

Some opening shots in the 1956 campaign—speeches by former President Truman and Republican Chairman Leonard W. Hall, starting on page 114. Also, Mr. Nixon explains why the Administration hasn't recognized Red China, page 109.



Metal ganglions for the mechanical brain

The nerve centers of modern electronic computers are the points of contact that permit the flow of electrical current from part to part. These points of contact must be firmly and permanently joined. Usually, delicate soldering operations are used for this purpose.

The electronics industry requires many tons of fine solders. The Federated Metals Division of American Smelting and Refining Company is a major producer of these solders.

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No matter what size, shape or composition you may need in a solder, think of Federated first as a source of supply. Our broad experience with all kinds of non-ferrous metals has earned us the name of Headquarters for Non-Ferrous Metals.

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What's Blocking New Roads

Still No Agreement on the Kind to Build, How to Pay

Why didn't a highway program get through Congress, when most Americans agree that the U. S. needs better roads?

Many factors, political and financial, combined to block action this year. Similar obstacles lie ahead in the next session.

Big question is: Who will foot the bill? Until an answer is agreed upon, U. S. may have to wait for the roads it needs.

Spending of billions on a new highway system for the U. S. is an idea that meets with favor all along the line. But people have not been able to agree on how to go about the building job. They keep arguing about the kinds of highways that should be constructed and the best way to finance them.

One of the first tasks of the next Congress will be to try to find an answer to the highway need. The problem so baffled the last Congress that its members finally threw up their hands and adjourned without approving any program at all. Yet it is an issue that cannot be ducked.

Here are the major difficulties:

- What sort of roads? Some people want to concentrate on a national network of toll-free superhighways. Others want to rely more on new toll roads. Still others say the chief need is for better farm-to-market roads.
- How to pay. From 18 billion to 35 billion dollars of Federal money would be spent under the various plans in from five to 13 years.

The Eisenhower Administration suggests a Government corporation to issue bonds to finance the program. The Senate approved a plan to be financed out of the Treasury. The House rejected a plan, sponsored by Representative George H. Fallon (Dem.), of Maryland, to pay for roads with special taxes on motor fuel, trucks, heavy-duty tires and tubes.

The Eisenhower plan was opposed by Senator Harry F. Byrd (Dem.), of Virginia, and others for its unorthodox financing. The White House disliked the Senate-approved bill, sponsored by Senator Albert Gore (Dem.), of Tennessee, because it had no money-raising features.

All these disputes are to arise again when Congress meets in January. The difficulty lies in reconciling the various interests that favor more roads but hotly debate the way to get them.

Taxpayers' view. First, there's the money angle. The bill that would have laid new taxes on highway users aroused the trucking industry and other affected groups. The truckers said their taxes would have been doubled.

Tire-and-tube manufacturers fought the new tax on their products.

The International Brotherhood of Teamsters (AFL), the union of truck drivers headed by Dave Beck, fought alongside the truckers, claiming the tax plan discriminated against their industry.

Farmers in many States took up the cudgels. The truckers had convinced them that the new taxes would mean higher transportation costs. Also, the new taxes on trucks would have affected them directly. Representative Tom Steed (Dem.), of Oklahoma, says 8 million of the 9.4 million trucks in the nation are owned by farmers and other small operators not in the trucking business.

A group of New England Governors also opposed the bill because of the tax provision. They said it would take more money out of their States than would be returned to them. They, and many other Governors, would prefer to see the Federal Government give up all taxation on highway users, so that only the States could tax them. They want to push toll roads and other State highway projects.

The railroad industry, while not opposing the bill, got into the argument by strongly advising that higher taxes

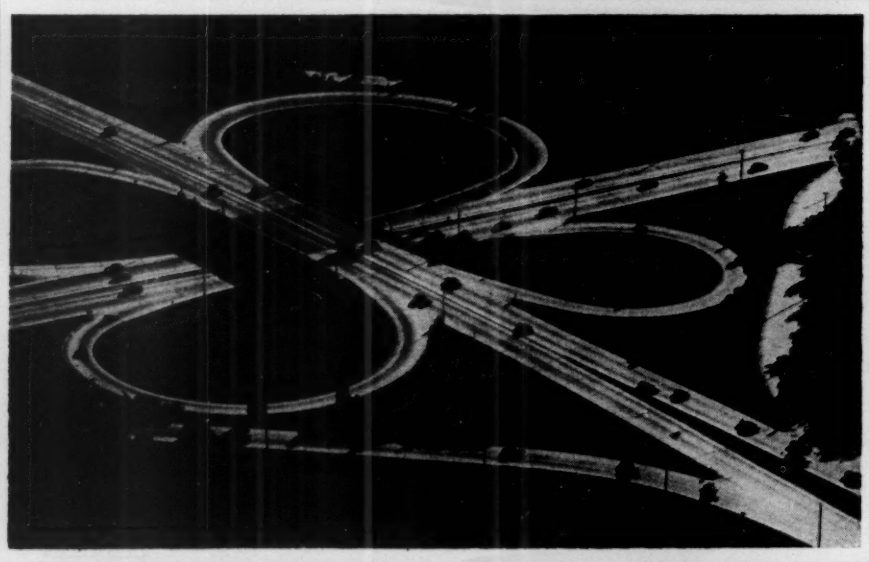

Photo: Standard Oil Company (N. J.)

4 PLANS

PLAN NO. 1

Offered by Eisenhower **. . . Create federal corporation to sell bonds. Keep highway spending outside the budget. No new taxes.**

be levied against the truckers. Truckers, they said, should pay for the improved roadbeds they were getting.

These are the groups whose pocketbooks would be affected. They can be expected to oppose any new highway program which pays for itself through highway-user taxes.

Farm-road backers. Another group of opponents lies in wait for any new highway plan that resembles those just defeated. They find fault with the road plan itself.

All of the plans placed primary emphasis on the construction of the interstate system of superhighways.

But farmers in many Southern and Western States contended that what was needed was more rural roads.

Some Governors pointed out that the interstate highways in most States ran east and west. What they needed, they said, were north-and-south roads.

Many Congressmen asked what their constituents would get out of the heavy spending on the interstate system. Highways within that system do not touch 186 of the 480 congressional districts.

Other dissenters. Still other factions found the programs contrary to their interests or convictions. And they will fight next year's legislative proposals unless these proposals are revised to remove features to which they object.

Some utilities fought the Fallon bill in its final form because it did not provide for repaying them the cost of relocating any of their facilities that might have to be moved during road construction.

In the South, some advocates of States' rights opposed the programs because they would have extended the power of the Federal Government over road construction in their States. Some Southerners fought the Fallon legislation because it required that the "prevailing wage" be paid to highway-construction workers. Washington officials, they said, are the ones who determine what "prevailing wages" are, and these officials usually set them too high.

State-wide opposition for some regions showed up in the final balloting on the Fallon measure. Votes against it were cast by the entire House delegations from Georgia, Mississippi, North Carolina, South Carolina, Colorado, Indiana, Iowa, Kansas, Nebraska, Wyoming, Connecticut and Delaware.

The combined lobbying effort of the various groups that battled the bill exceeded any such attack seen on Capitol Hill in many years.

It was reported that 100,000 letters and telegrams were sent to the Senate and House office buildings in the final week of action on the measure. Ten thousand of them went to Representative Fallon. The opponents swarmed everywhere, telephoning, buttonholing members of Congress. One entire section of the House gallery was filled with them during the final debate.

A new formula? Promoters of highway legislation know now that if they are to get a big road program enacted they will have to find a formula that will not stir up group opposition such as the Fallon bill aroused.

They know, too, that they have another obstacle to overcome, a wholly new kind of problem. Partisan political conflict became a big issue in the maneuvering toward highway legislation.

This was viewed on Capitol Hill as something new. Officials and Congressmen who are veterans at handling highway measures say that, in the past, the road bills have been handled on a bipartisan basis. They have been worked out by the legislators in conference with State and federal highway officials, on a professional basis.

Every angle of this proposed program has become involved in politics. The Governors have taken a strong hand in it, looking after their regional and political interests. Democrats and Republicans have split sharply on the method of raising funds for the roads. Each party is reluctant to let the other get credit for the program.

Barricades ahead. Party lines have been so sharply drawn, and such a variety of special-interest pressures have been built up, that passage of highway legislation in the next session looks somewhat doubtful.

New highway-user taxes which would be sufficient to cover the cost of construction are satisfactory only to motorists, who would pay well over half the increase. The motorists' chief legislative representative, the American Automobile Association, supported the Fallon bill.

Some politicians say a highway bill might pass Congress if it contained a smaller tax increase than that in the Fallon bill, with a provision that the difference be made up out of general Treasury funds. But no tax bill will be pushed unless both parties support it. Neither party is likely to be the lone sponsor of a tax measure in an election year. For that reason, some Congressmen see trouble ahead for a highway program in 1956.

TO RAISE BILLIONS FOR NEW HIGHWAYS

PLAN NO. 2

Supported by House Democrats **. . . Pay-as-you-go method. Raise taxes on gasoline, diesel fuel, heavy-duty tires and tubes, new trucks. No highway bonds.**

PLAN NO. 3

Urged by Senate Democrats **. . . Pay for highways out of general Treasury funds, just like other budget expenses. No new taxes. No special highway bonds.**

PLAN NO. 4

Compromise Republican plan **. . . Raise taxes on highway users to pay part of cost. Set up Government corporation to sell bonds, but in smaller amounts than under Plan No. 1.**

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THE STRUGGLE IN ARGENTINA

What President Peron's Maneuver Meant

Perón's "show of strength" didn't mean his woes were ended.

Danger of revolt appeared diminished. Perón's enemies were on notice that another flare-up could bring chaos.

But basic problems remain unsolved. It will take more than public demonstrations to cure the ills that beset Argentina.

BUENOS AIRES

The many headaches of running a dictatorship were plaguing Argentina's Juan D. Perón.

There is evidence now that President Perón—by purging his Cabinet and exhorting his followers to violence—actually had tightened his grip on the country. He used mass demonstrations and other personal dramatics to show the armed forces that they couldn't get away with a revolution such as was tried in June.

But Perón's troubles remained. Inflation was gnawing at his country. He had a stubborn farm problem on his hands. His trade with the rest of the world was out of kilter. A power shortage was stunting industrial growth.

On top of these things were the lingering effects of his fight with the Catholic Church and uncertainty about the loyalty of his armed forces. Observers here are convinced that not even Perón and his secret police knew how many officers in the Army, Navy and Air Force were hoping for the day when a push by them could topple the dictator without plunging the country into civil war.

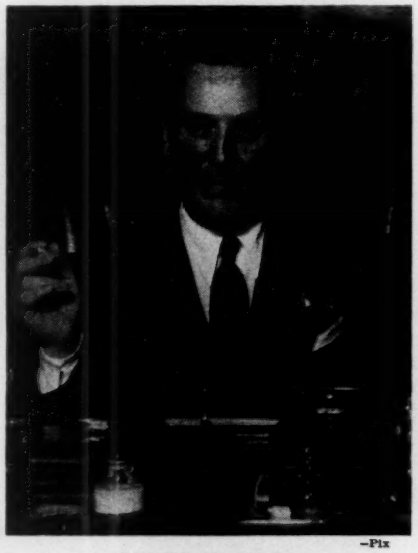
In this situation, Perón was playing for time to deal with issues that are numerous and growing more pressing.

Need for oil. A shortage of oil is probably Argentina's No. 1 problem. The country is producing less than half of the petroleum it consumes. Imports of oil products use up about 200 million dollars a year that Argentina needs urgently for other purposes.

Perón's solution has been to let foreign companies find and produce oil and sell it to the Government's petroleum agency. A contract that he made last spring with a U. S. company has been pending in Argentina's National Congress for four months, held up by opposition among Perónists as well as Radical Party Deputies. Now the Government is believed to have a good chance of making some face-saving changes and getting the contract approved. Similar deals with other oil companies then would follow. Argentina eventually may be able to stop spending dollars for oil imports. But curing the other ills may be more difficult.

The Government is losing money buying and selling farm products. In order to stimulate production, it pays farmers high prices for wheat and other crops. Then it sells abroad for less than cost. Experts in the grain trade estimate that there is a loss of about $25 on every ton of wheat that is exported. The Argentine Institute for Trade Promotion, which handles these transactions, is running into the red annually to the tune of about 2 billion pesos. That figures out to somewhere between 62.5 million and 400 million dollars, depending on which of the many rates for the peso is used in making the conversion. It's a question whether the national budget can keep on absorbing these losses.

Rationed power. Electric power is critically short. New industries and a fast-growing population have pushed demand far beyond existing generating capacity. When a cold wave hit Buenos Aires recently and thousands of people plugged in electric heaters, blackouts resulted in several parts of the city. Rationing of power among industries is customary. So are nightly brownouts. A new 320,000-kilowatt plant that soon will go into service will scarcely begin to fill the power deficit.



—Pix

PRESIDENT PERON
. . . he played for time

Inflation is sending the cost of living up about 17 per cent a year, even though prices of many essential goods are under tight controls. There is the prospect of trouble next March 1, when 2,500 labor-union contracts throughout the country will come up for renewal.

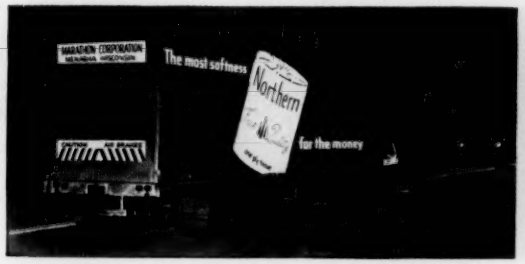
Argentine food exports, running into competition from bountiful crops elsewhere, are not bringing in money enough to finance all the essential imports that are needed for the general welfare, along with raw materials and parts for use by industries. Economists estimate that Argentina will need an additional 180 million to 200 million dollars a year over a period of years to put itself in good running order, but nobody knows where to get the money.

Blocked profits. New foreign capital, in many lines besides oil, could help to meet this need. Perón, who formerly opposed foreign capital as a form of "colonialism," welcomed it. There are, however, many foreign companies in Argentina that are not allowed to change their pesos into dollars and sterling to send home as profits or to use in importing parts and materials.

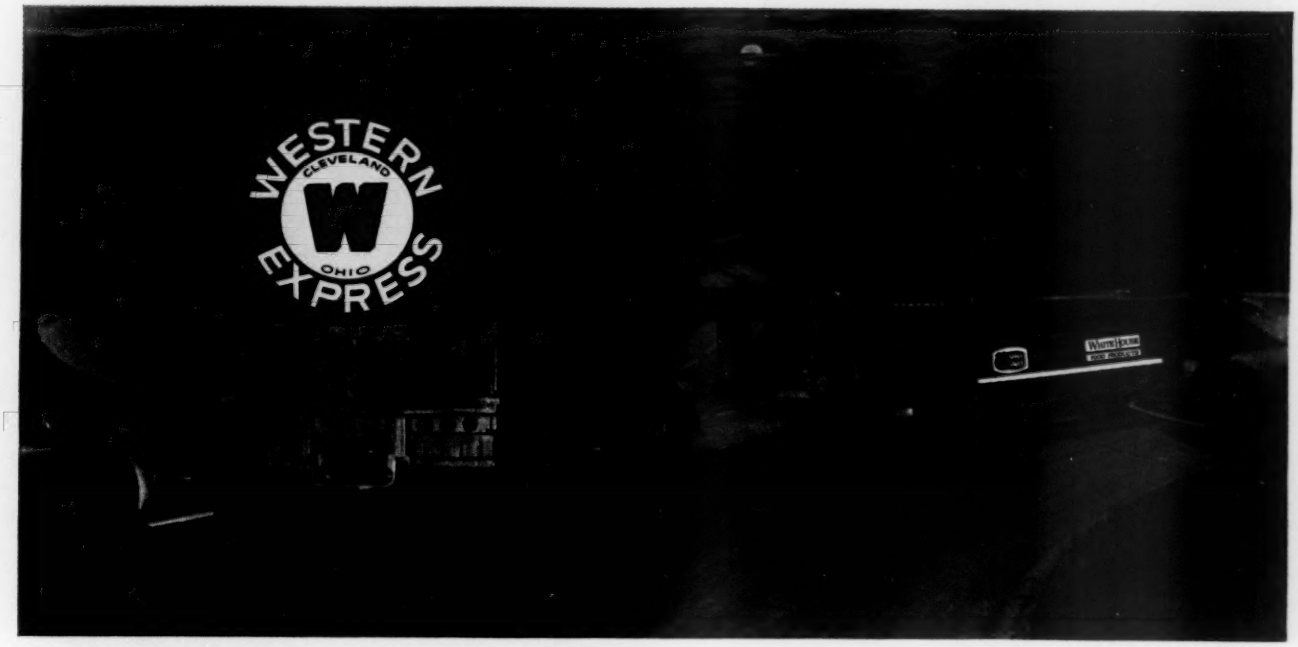
As long as the old companies have these troubles, some investors will hesitate to put their money into Argentina.

Truce with Church? Then there is the question of relations with the Roman Catholic Church. Perón was all set to call the election of a constitutional assembly this autumn, as a step toward separating church and state. Then the June revolution attempt flared. The election has been pushed into the future, perhaps until sometime next year. President Perón, thus, seemed inclined not to force the issue now. Time may help to find an easy way out, as well as to pacify some of his followers who felt he went too far in his fight on the Church.

Time can make the economic troubles worse. If some of them are to be straightened out, drastic changes in policy will be required. President Perón showed that he could make an about-face on policy when he found it necessary. Having new Ministers in most of the key spots was intended to give him someone to share the responsibility with if he were to make unpopular changes in an effort to solve Argentina's problems.



Public Relations on the move!



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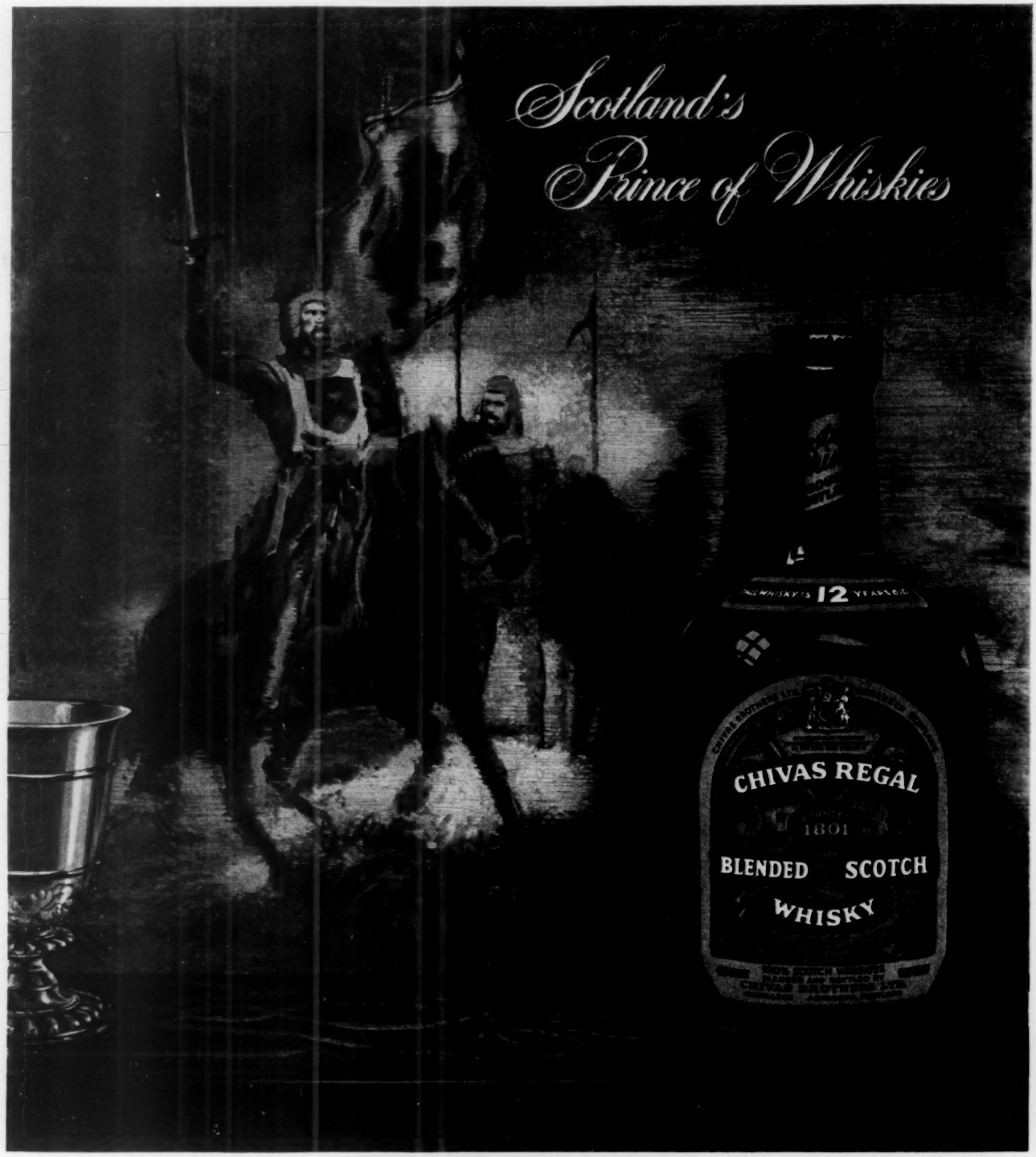

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LIFE AROUND THE WORLD®

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ON CHINA

RED-STYLE FREEDOM

HONG KONG—It's a saying in the Orient that when Red China grants you "autonomy"—you'd better watch out.

Peiping, so far, has given "autonomy" to about 50 areas in China, large and small—each time with pious propaganda about "minority rights." And, each time, China's minority races have found themselves even more firmly controlled by the Communists than before.

Now Peiping has announced that "autonomy," Communist style, is to get its most important test yet, in the rich but undeveloped province of Sinkiang on China's western frontier.

Informed Chinese say that, if "autonomy" keeps Sinkiang quiet, the device will work just about any place for the Communists.

In Sinkiang, no Chinese Government has ever been really popular. Most of its 4.5 million people are Moslem tribesmen related to the Turks—not the Chinese—in race, language and culture. For years, they have paid little attention to orders sent out by Chinese rulers.

Reds will be boss. If past performances of Communist "autonomy" mean anything, Sinkiang's tribesmen will take their political orders from Peiping. Communists have rigged local elective councils so as to give the Chinese a numerical edge over the tribesmen.

Red China, meantime, will be sending hordes of young Chinese settlers to overwhelm the tribes. Already thousands of young Chinese skilled laborers and even ricksha pullers have been encouraged to leave Shanghai and other industrial centers to make their new homes in China's "Wild West."

Behind this tremendous effort is the Communist plan to assign Sinkiang a key role in the economic and military build-up of Red China.

Air bases under way. Much of Sinkiang is wild and desolate. Its glacier-

(Continued on page 58)

—Eastfoto

POLITICAL LECTURE FOR SINKIANG HERDSMEN
"Autonomy" may be the beginning of the end

Another up-to-date product gets...

TALKING POINTS *and* **SAVINGS** *with*

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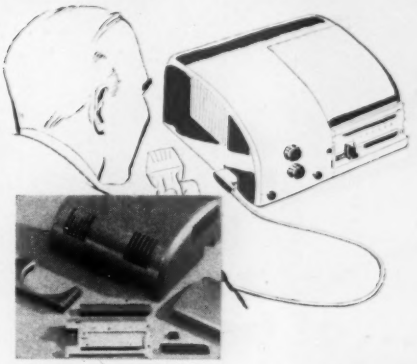

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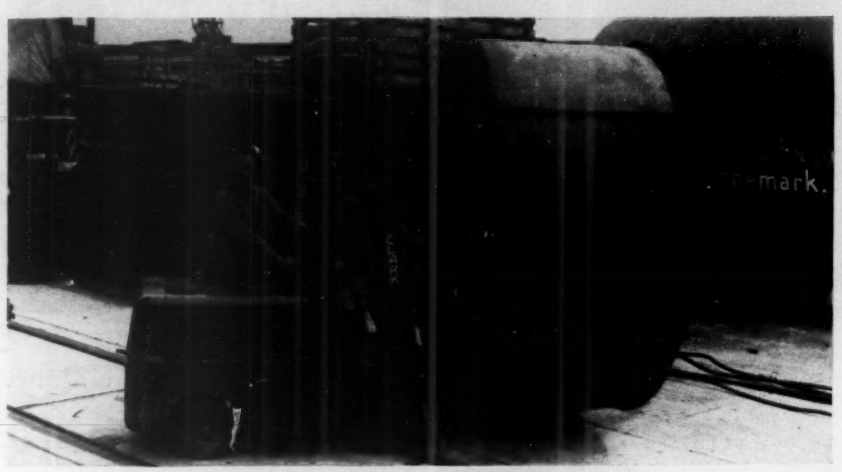

...of heavy machinery

In the free-port of Copenhagen, this compact Clark truck handles awkward pieces of cement-making machinery on their way to Denmark's export markets. In several foreign countries, Clark has licensed manufacturers to produce many of the models in the Clark line. The world over, Clark sets the standards for materials handling equipment.

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Soft, wet terrain doesn't limit the effectiveness of this Michigan Tractor Shovel, owned by a Pennsylvania lumber mill. With high flotation tires and full power on all four wheels, the Michigan simply works where other machines bog down. Clark's Automotive Division designs and manufactures the heavy-duty axles and transmissions which are the heart of all Clark machines. In its own right, the Automotive Division produces vital power-train components for leading manufacturers of farm equipment and commercial vehicles.

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Clark Equipment Company, Buchanan 124, Mich.

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memo

A place where Red China and Russia are rivals . . .

topped mountains are among the world's highest. But this province, almost as big as Texas and Oklahoma combined, is rich in oil, tungsten and coking coal. Uranium has also been reported in Sinkiang. Some of its valleys, exceptionally fertile when snow-fed streams are running, produce fine wool, hides and fruit.

The Communists are finding Sinkiang strategically important. It is located next door to Russia and Kashmir, and is within easy bombing range of Pakistan, India and the Middle East.

Sinkiang is a closed military area. New air bases that could serve both Russia and China are being built along the southern border of Sinkiang.

What is holding back Communist builders right now, more than anything else, is a lack of good communications. It takes three months to drive a truck from Peiping to western Sinkiang—a trip that requires only nine hours by air. The Reds hope to break this communications jam in the next two years by completing a railroad from Central China across Sinkiang and into Soviet Russia.

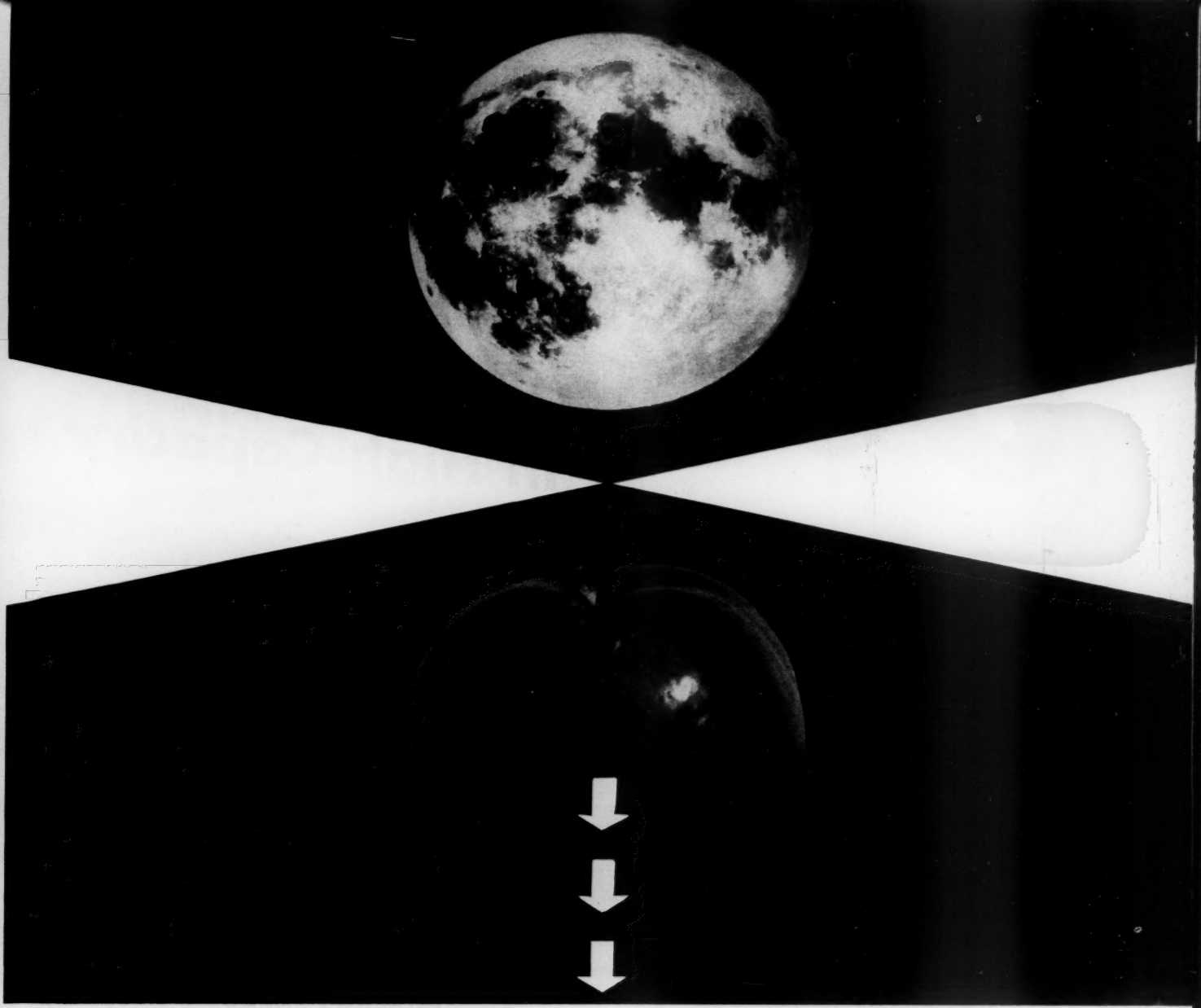
Moscow is helping. In all this development, the Russians are playing an important role. For instance, Chinese are building their railway with "Soviet advice and assistance." Russian specialists are helping the Chinese construct oil refineries and power plants, and will train Chinese to operate those installations.

The Russians, however, do not appear to dominate Sinkiang as they did 10 and 20 years ago. In those years, Soviet troops took part in local rebellions against Nationalist China. Russians ran the tungsten and oil industries. Soviet diplomats were busy everywhere. They stirred up trouble for the Nationalists and recruited agents for Communism.

Today, Communist China has sole ownership of Sinkiang's biggest companies. The Russians maintain consulates only in two towns. Peiping is sending a stream of propagandists and teachers to Sinkiang to win friends for Red China.

Obviously the Russians still have a great interest in Sinkiang. And it is equally obvious that the Chinese Communists are taking no chance on that interest getting out of hand.

What Red China's rulers are trying to do now is to keep Sinkiang pacified for the next few years. Once the railroad is completed, Chinese settlers will pour into Sinkiang. After that, it will not be long until Sinkiang becomes just another province of Communist China.



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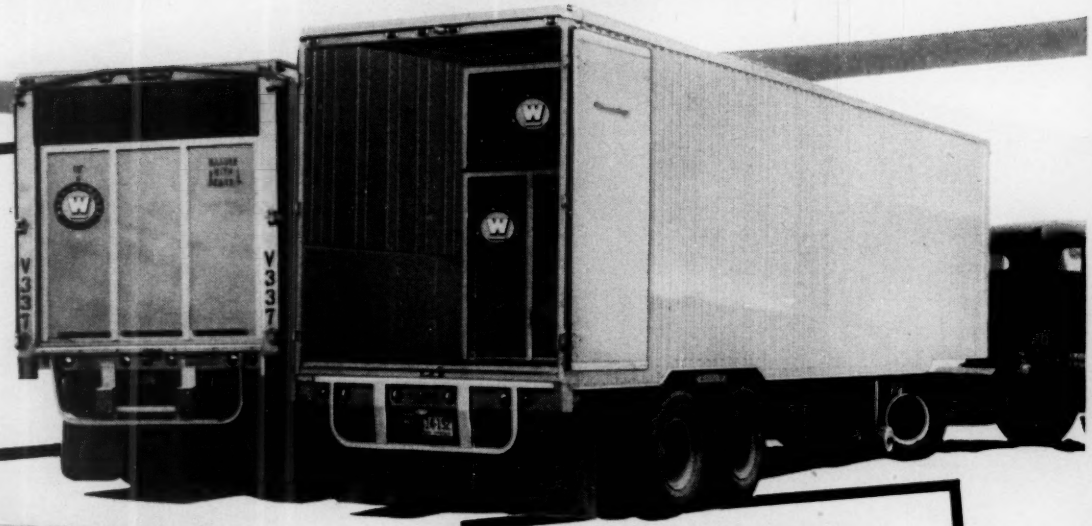

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Interview with TOP ROCKET SCIENTISTS OF ARMY
Dr. von Braun, Maj. Gen. Simon

SPACE TRAVEL—SOONER THAN YOU THINK

What do the Army's top rocket experts, who deal with practical problems of sending missiles through space, personally think about the chances of space travel soon?

Will people actually be traveling around the moon in the next 10 or 15 years? Are solutions to the big problems in sight yet? Just how will practical obstacles be met?

Here are the answers, as given in an exclusive *U. S. News & World Report* interview with two of the country's leading figures in the missiles field—Dr. Wernher von Braun and Maj. Gen. Leslie E. Simon.

Dr. von Braun, who directed Germany's V-2 effort in World War II, now heads the U. S. Army's Guided Missile Development Center at Redstone Arsenal, Alabama.

General Simon is assistant chief of the Army Ordnance Corps, and chief of its Research and Development Division.

Q: Will man ever, as a practical matter, get outside the atmosphere into outer space 250 to 300 miles above earth?

Dr. von Braun: Yes. There is actually no definite limit to the upper atmosphere. The atmosphere just gets thinner and thinner and just fades away, so to speak.

Q: Will man himself get up that high?

Dr. von Braun: Yes, at the highest altitudes attained so far by man over 90 per cent of the atmosphere has already been lost anyway, so we are talking about the loss of the remaining 10 per cent. If a pressurized capsule or cockpit would burst at these altitudes that have been reached by airplanes, the effect on the pilot would be about the same as in outer space.

Q: Could you send a man up in, say, the next five years or so?

Dr. von Braun: The trouble would be: There are several rockets that can carry a man up into the stratosphere, but how would you get the guy down alive? That is much more difficult than getting him up. It is for this reason that wingless rockets have never been manned.

Q: So that the idea of a pressurized space ship is not just fantastic?

Dr. von Braun: No, no. In fact, any high-altitude research aircraft that flies today would maintain cabin pressures just as easily in the vacuum of outer space.

Q: Man has already gone up to where there is virtually no atmosphere—

Dr. von Braun: Yes.

Q: All you really need now is some kind of parachute to flutter him down to earth again?

Dr. von Braun: For this reason all "manned rocket flights" have been done with winged aircraft simply to get the man back again, to enable him to land again. If you put him in a rocket going vertically, you could conceivably land him with a parachute, but that's pretty tricky undertaking, so it is probably safer to put him in a pressurized cabin and have him fly up there in a winged rocket-propelled aircraft.

Q: If you got a space platform up there, what practical purposes would it serve?

Dr. von Braun: I think the most important long-range effect of a space platform would be that it would be the jump-off place for ventures into deeper space.

Q: For explorations into space—

Dr. von Braun: It would be a decisive step away from terrestrial gravity. While it is almost impossible, at least with chemical power, to fly to the moon direct—and certainly it would be impossible to fly to the planets direct—the space station as a jump-off basis for travel into deeper space would be logical.

Q: Do you mean you could build a platform big enough from which to send another rocket farther out?

Dr. von Braun: Yes. But the essential thing is not so much the station as such but the orbit. It is quite conceivable to fly a great number of rockets into an orbit and either assemble a brand-new one for deep space in such an orbit or just take one of the rockets brought up with the other ones and go deeper into space from that orbit. The important thing is not so much that you have a huge space station but that you use the orbit as a kind of refueling station.

Q: It's hard to visualize how you would get from one rocket to the other—

Dr. von Braun: If you fly in the orbit, you have on a space suit, you open the door and just step out and the moment you leave the ship you become a little satellite on your own.

Q: How do you guide yourself to the next rocket?

Dr. von Braun: You will have a reaction pistol. If you

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Basic Methods Are Known . . . Next Question: How to Get Men Back to Earth . . . Platform Needed for Trip to Moon

shoot an ordinary pistol, the recoil will push you in the opposite direction. Here, instead of using a pistol, you would probably use a little rocket motor that you operate like a pistol and you aim it in this direction and it moves you in the opposite direction. You can freely float there in space, supported by centrifugal force very much like the satellite itself.

Q: And you can transfer in midspace from one rocket to another rocket?

Dr. von Braun: Yes. You can do it in outer space.

Q: What about your traveling at 18,000 miles an hour—you wouldn't have the sensation of travel?

Dr. von Braun: You wouldn't have the sensation of travel at all. Here may be one rocket ship and there another, and for you the other rocket ship is at a complete standstill. It hangs there in space and all you see is that the earth is slowly rotating underneath. That is the sensation you get. It's very much like sitting in an airplane sipping a cup of coffee while you are flying 500 miles an hour. There is just the sensation of the earth moving underneath.

Q: If you had a satellite rocket of, say, 1,000 pounds moving along at speeds of thousands of miles an hour so that it would stay in an orbit, and then if a man with the equipment on him weighing 300 pounds stepped out of the rocket at that speed, wouldn't he tend to fly much farther off into space in order to reach a balanced orbit of his own?

Dr. von Braun: No. This orbit condition exists for every molecule in the rocket, no matter whether it's an instrument of the ship itself or a man inside the ship.

Q: But if he separates himself from the ship—

Dr. von Braun: Even then. Because both the gravitational force and the inertia force are in each and every molecule of the ship and the man. It is for this reason that weightlessness has actually nothing to do with being outside the gravitational field. It simply means that the ship and the pilot inside the ship are subjected to exactly the same laws of motion of heavenly bodies. As a result, there can be no differential force between the man inside the ship and the ship surrounding him. If the man leaves the ship, he is not coasting inside the ship but he is coasting outside the ship. That's the whole difference.

Gen. Simon: One thing you would get there, though, would be: If the man stepped outside the ship, the ship would tend to follow the man according to Newton's third law of gravity, which is that all matter attracts all other matter with a force which is proportional to the product's mass and inversely proportional to the square of the distance between them.

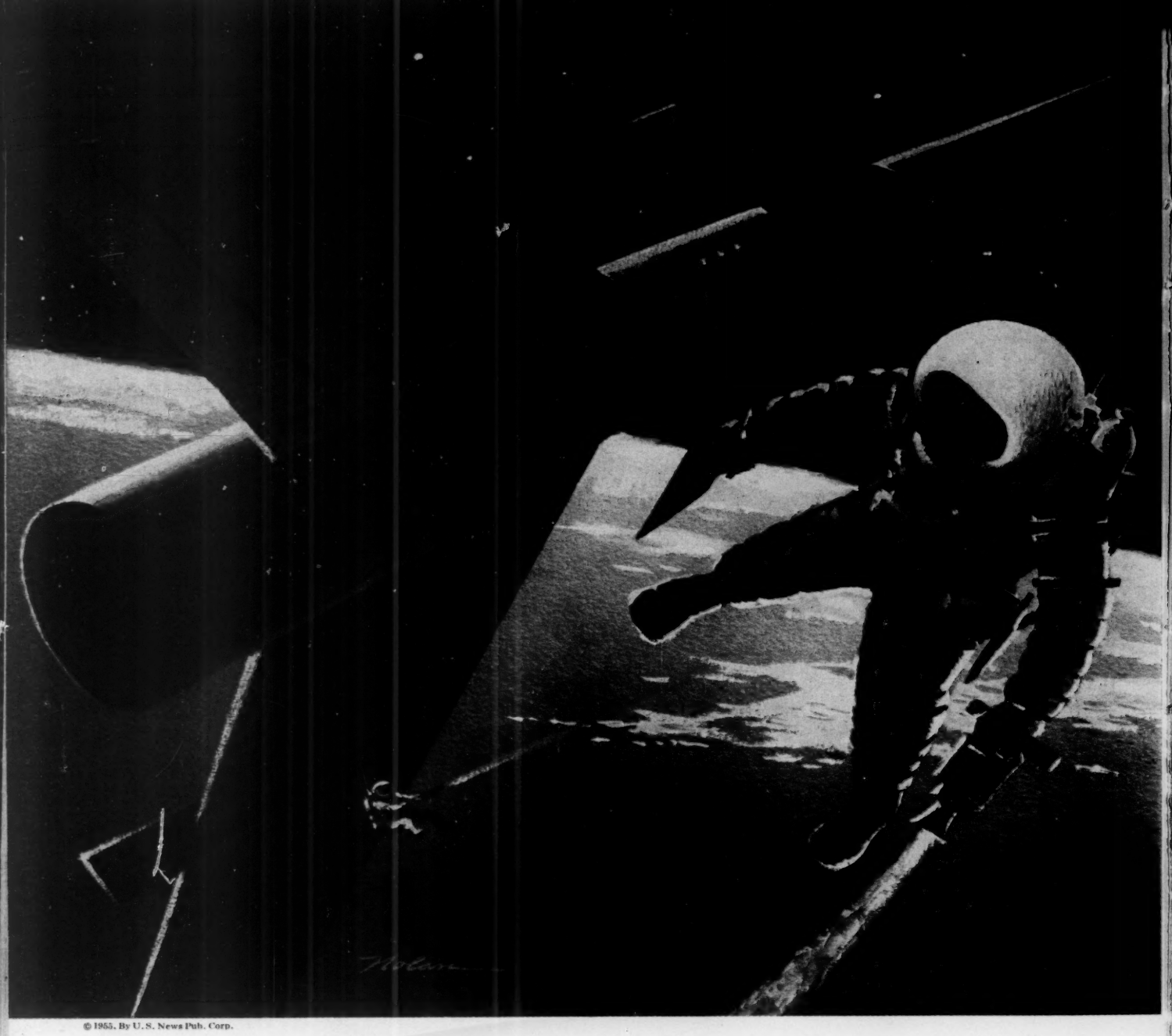
So, if the man stepped outside of the ship, there would be a tendency for the ship to follow the man or the man to follow the ship, whichever way you choose to look at it, and they would tend to come together again.

(Continued on next page)

—USN&WR Photo

DR. VON BRAUN AND GENERAL SIMON

"A space platform . . . would be the jump-off place for ventures into deeper space"



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Q: How are you going to get these lined up together? You send up one rocket after another. How are you going to get another rocket parallel with it or running alongside it?

Dr. von Braun: This is actually a pretty difficult question. We call that the "rendezvous" problem of the orbit. There are certain requirements that must be met. In the first place, you can fire the next ship only at a certain time.

If it's in the equatorial plane, the orbit is particularly simple. In other words, your orbit goes around the equator. You would have to fire your second rocket at the right time so that the rise in the orbit of this first ship that is up there would be in the right angularity.

If you have an inclined orbit, if the orbits incline from the plane of the equator, then you have the problem of the earth rotating within the orbit and you can fire that thing only once in 24 hours, at a certain given time, in order to meet the other station. But you wouldn't try to place the second rocket too close to the first one.

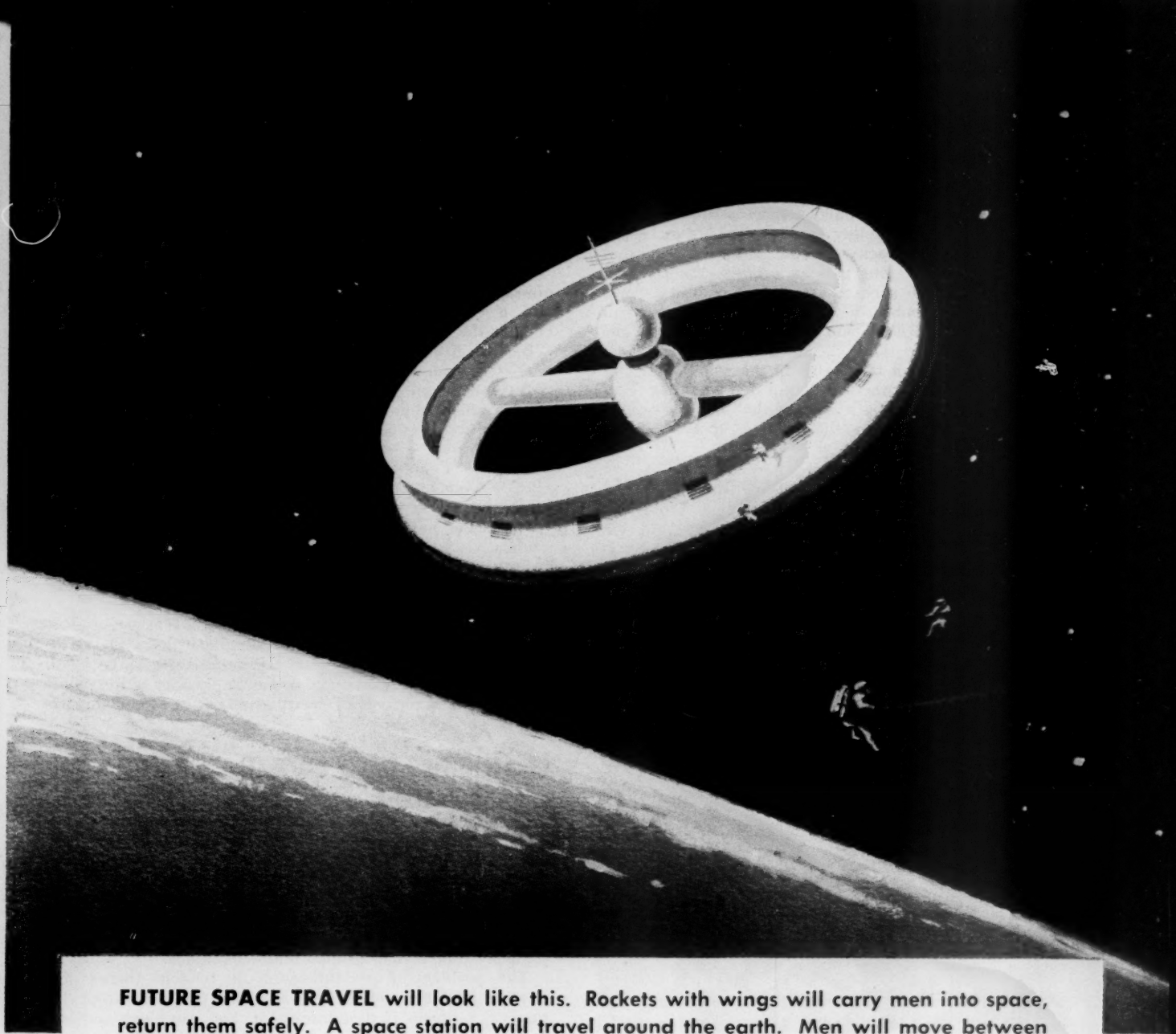
In order not to endanger the first rocket, you may want to place it, say, two or four miles away from the first. It is only after you have established yourself in the orbit that you would inch your way backwards.

Q: By firing your little gun—

Dr. von Braun: Yes. You are applying only little corrections in the orbit and you would drift the two things together slowly.

Q: Is there any danger of collision?

Dr. von Braun: Well, it is very much the same problem as berthing an ocean liner. You don't go into the berth at 30 knots. The last motion is really a very, very slow thing because you don't want to hurt the pier or the ship. It's very much the same proposition.



FUTURE SPACE TRAVEL will look like this. Rockets with wings will carry men into space, return them safely. A space station will travel around the earth. Men will move between rockets and platforms in special suits, use jet pistols for motive power.

Q: But with a slight miscalculation, they might collide—

Dr. von Braun: Space is a pretty big place.

Q: If you can run them up within two miles of each other, it would seem you could also run them up exactly together—

Dr. von Braun: This can be avoided. After all, you can see the other ship there and you can evade it. I think the problem is not half so difficult as, shall we say, the traffic problem around the airport.

Q: These would be manned objects?

Dr. von Braun: Yes, but it would not necessarily be the case, for example, when you carry fuel supplies into an orbit, say, to refuel a ship in the orbit. It is entirely conceivable to fire a manned rocket up into the orbit and then use this first ship to guide other cargo rockets up into the grooves, so to speak, of the orbit, and then pick it up with remote control and guide it and move accordingly.

Q: You'd just need one to start with, in other words?

Dr. von Braun: Yes, a kind of orbit-approach system.

Q: Then you could send up several rockets, each of which carries much more fuel than it needs to stay up there, and then after they are all up there, you can assemble all the spare fuel into one rocket to go on up farther—

Dr. von Braun: That is precisely the idea.

Q: After you get your space platforms up there, do you really visualize people taking off for the moon?

Dr. von Braun: It is actually simpler to go to the moon

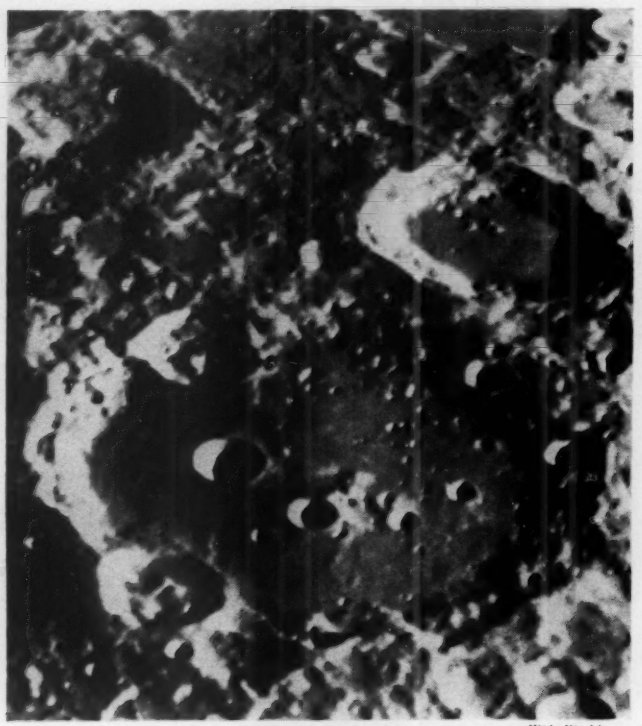
(Continued on next page)

. . . "First logical step would be a flight around the moon"

from a space station than to build a space station. I would say in this respect that passenger or cargo-carrying rockets of a substantial carrying capacity—in other words, rockets that can really carry a few tons into an orbit—is the essential preliminary step. Once such rockets are available, it's just a question of the number of rockets to assemble enough weight in the orbit to fill a ship to be able to fly it to the moon.

Q: How long would it take to fly to the moon?

Dr. von Braun: I think the first logical step would not be a flight to the moon including a landing, but a flight *around* the moon. Five days would be the minimum to go from our



—Wide World

THE FACE OF THE MOON
"We have always looked at just one side"

orbit around the moon and back to the orbit—five days out and five days back.

Q: That couldn't include a stopover?

Dr. von Braun: Going around the moon and returning to the space stations, without landing and without a second take-off from the moon, is a lot cheaper than an operation involving landing on the moon, because you would have to slow the ship down, land it on the moon, and then take off from the moon again, and you would have to carry all the fuel out there.

Gen. Simon: And, of course, a most interesting thing about it would be to see the other side, anyway—because the moon has the same rotation on its axis as the earth has and so we have always looked at just one side of the moon.

Q: Why would anybody want to go to the moon?

Dr. von Braun: Sir Edmund Hillary answered this when he was asked about why he wanted to climb Mount Everest: "Because it's there."

Q: If we get outside what we generally consider our atmosphere—say, 500 miles above the surface of the earth—and, if we try to put a man in this satellite, does he encounter the problem of weightlessness?

Dr. von Braun: Yes.

Q: Can man survive that?

Dr. von Braun: For limited periods of time, weightlessness can be simulated in an aircraft. The simplest method of doing this is to fly a high-altitude aircraft through what is called a ballistic arc.

Take, for example, a jet plane, level it off, raise it again at about a 45-degree angle, and then cut the engines back to so much thrust that you just cancel out the drag. In this case the airplane has apparently no drag because the drag is compensated by thrust, and you fly that plane through the ballistic arc so there are no lift forces acting upon the plane and you have a weightless condition for the duration of this ballistic flight.

Q: How long has this been done?

Dr. von Braun: I think it has been done up to about 40 seconds in airplanes available today, and it's quite conceivable by just increasing the maximum velocity of the plane by using the latest type of rocket airplanes to extend this to, say, one or two minutes.

LEARNING TO LIVE IN SPACE—

Q: What happened in that time?

Dr. von Braun: Some reports have been published on this subject. They have even made such ballistic flights with passengers aboard, strapped to their seats, and have them make sketches and see how the sketches were distorted to find out how people react under these conditions. There's the indication that after man has been through the experience a few times his sketches apparently improve. So that you can probably train a man to take these conditions.

The problem of weightlessness is twofold—there's the physical problem and the psychological problem. Now, the physical problem is straightforward. You can sleep and eat in the horizontal position just as well as in the vertical position, so there weightlessness is no handicap. In fact, you can even eat with your head hanging down. Try it. It works. The muscles in the esophagus even work uphill.

Q: Does everything else work uphill?

Dr. von Braun: Well, we don't know that. But the psychological effect is a little more important, because usually weightlessness is experienced when you fall down. Where you jump from a diving board, you are weightless until the time that you hit the water.

It is actually caused by two little pebbles in the so-called semicircular canals of the inner ear. These pebbles floating in liquid rest on thousands of hairs protruding radially into this cave, and whatever hair that pebble is resting on, we call this "down," so to speak. When the pebble comes to rest on another set of hairs, you have immediately the feeling, "Now I have a new 'down' in my head."

The problem of weightlessness is that the pebble is completely reoriented and just floats weightless in this liquid. As a result, there is no "up" and "down" for the period

(Continued on page 68)

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. . . "Weightlessness is not serious—you can get used to it"

of weightlessness. Now, the human body is apparently so constituted that, the moment weightlessness occurs, it throws the entire body into a kind of state of alarm, because usually after weightlessness some impact is impending. Hence, the alarm to prepare the body for the impending impact.

Now, the big problem of extended weightlessness is: What is going to happen if there's no all-clear signal to the end of the alarm? Will the body and brain get used to this and take it for granted there is no impact after the fall?

Q: Do your brief experiments to date indicate that people can be trained to compensate for that?

Dr. von Braun: Yes. Our experience to date indicates that people who are not used to it are certainly thrown into a kind of panic because they are not used to the condition. But once they are accustomed to the condition, they take it for granted, just as people taken out for an airplane ride for the first time were probably afraid of it and doubtful, and nowadays people don't even bother to look out of the window while the airplane takes off.

Q: If we had a manned platform orbiting around the earth, these people would have to be able to withstand that reaction for several days or weeks?

Dr. von Braun: Yes.

Q: Could that be done? Could people be trained to do that?

Dr. von Braun: My personal feeling is that the time will come when old space men will complain that they can't sleep in a bed.

NEW WAYS TO EAT—

Q: Are there any other phenomena like that?

Dr. von Braun: I think this problem of weightlessness is not a serious thing. You can get used to it. You have to make certain practical provisions for it. For instance, eating under normal conditions, for a normal dish, will not be very simple because the meal may float away. You will have to have a spring-loaded lid on your dish and you may not use a spoon but maybe some tongue-like device. And, of course, ventilation is another consideration because it might be conceivable that a fellow would choke in his own exhaled air, since it is only through ventilation that it is possible to take the carbon dioxide out of the air. In normal atmosphere, carbon dioxide just sinks down to the ground.

Q: Your used breath wouldn't float away from you—it would just stay with you like a cloud?

Dr. von Braun: Yes, but a circulating fan does the trick, just blows it away from you. So that ventilation is probably an important consideration.

Q: Suppose we do get a space platform out there and we find then we are able to live in this strange new condition. What good is it? What have we learned? Does it have any practical application? Can we photograph the earth? What can we do with it? Collect heat and send it back to the earth for use?

Gen. Simon: I don't believe those are scientific questions.

Q: One of them is. Can you take pictures and send them back to the earth? Could you televise things back?

Gen. Simon: Your guesses are almost as good as anyone else's. Those are not really scientific questions. Whether you can photograph or not is just a matter of gathering light. We can photograph stars and we wouldn't even think of traveling to the stars. It's just a matter of getting the light back. If you wanted to photograph portions of the earth's surface, it seems to me there are much easier ways to do it. According to a recent issue of the *Evening Star* [Washington, D. C., newspaper], that is no problem.

Q: It is a scientific problem, I think, as to whether you could get a television sending station to get through the ionosphere—

Gen. Simon: Well, you are asking an important question now, and we think you can get that answer from a small satellite. That is, what we want to do is learn fundamentals. You learn how to answer many questions. And you not only learn to answer many questions, but you learn also to postulate other questions, and that's how this thing builds up to where it is right now.

Since 1938 we've built up enormously. We've learned to ask questions and learned to answer a lot of them. That is why we can answer the question [whether a satellite could be launched at all] that was brought out in the President's announcement of the satellite project on July 29. It wasn't that we learned that answer last week. We've learned that answer in the past decade or more—that we have all the things, the components, that are needed to make this sort of thing. We know just how to make them.

We are able to postulate a question to which we know there's a potential answer. In fact, we can schedule the rate at which you'll get the answers, because it doesn't require further research. We know that this is a straightforward proposition because we've gathered these fundamental pieces of information over the years and built it up logically, step by step.

Then we have an array of components which, in this instance, we've gathered from our various missiles that we've had under development. But it's just as if you'd start to build a house and you've never built a house like this before, or, if you had a flair for Gothic-type churches and chose to make Gothic windows, you'd know where to get them. You know where to get the stone for the basement, you know where to get the timber for the stairs, and you can schedule just when you can occupy that house or church. You know it's a straightforward proposition.

"WE KNOW FUNDAMENTALS"—

Now, having gathered our fundamentals and then gathered certain development things—say, a motor from this missile and a framework from that one, and put the parts together—we have left only the techniques of putting those together about which we know all the fundamentals, and of how we can separate each part, and how it will come apart, and what will be left, and so on.

So, it's a straightforward building thing. If we take this step, we will gather more fundamentals concerning the physical make-up of the universe and the laws that govern it—the ionosphere, the density of air, and many other things—that will enable us to answer questions that we now have in our minds and enable us to postulate future questions.

At the present time, I'm afraid none of us sitting around this table, if we were offered tickets to go to Mars—if we had atomic power instead of normal oxidation power—would be interested. But maybe, if we learned a few things, on the other hand, we might. We may learn to postulate questions that would become important. At present, the question is trivial because it is pure fantasy.

(Continued on page 70)

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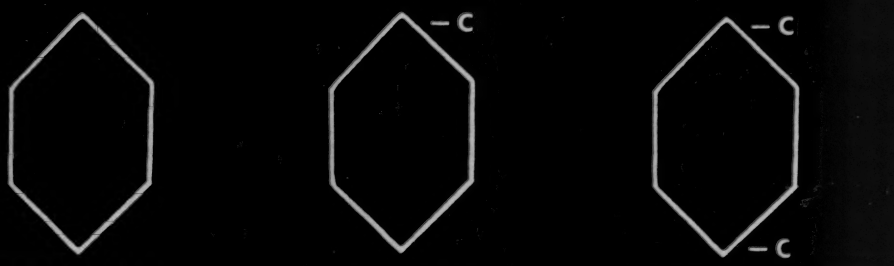

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. . . "I imagine there will be a scramble for space up there"

Q: How about the heat problem out there? Can that be overcome? So far as people being out in space, would they be likely to burn up?

Dr. von Braun: That's a very interesting question. Outer space has a reputation of being very cold, but the fact of the matter is that there is absolutely no temperature in outer space at all, because temperature by definition is a measure of the velocity of the molecules. Well, if there are no molecules, there can be no temperature.

HOW TO STAY WARM—

Q: However, there are sun rays out there—

Dr. von Braun: Yes.

Q: And once you place an object there that will absorb those sun rays, you will get temperature in the object—

Dr. von Braun: Yes. This is precisely the question. In other words, the temperature of a body in outer space is governed by only one thing—namely, the ratio between absorbed solar heat and heat reradiated into outer space.

For example, if you take an object and shade it completely from the sun's rays and from the reflection of the earth's atmosphere, it will lose temperature through radiation until it approaches absolute zero. But the moment you expose it to the sun it will heat up.

Now, if the surface close to the sun is black, it will absorb a lot of heat. If the surface on the shadow side is a mirror finish, and if you turn the thing around and expose the mirror surface to the sun, it will reflect all the solar heat and the black surface will radiate the heat out.

If you take a sphere and make it half mirror and half black, simply by rotating it with respect to the sun you can obtain any temperature you want. This is essentially the method used in controlling temperatures in space. Probably you wouldn't make it black on one side and mirror finished on the other, but make it white and mirror finish throughout and control your temperature with Venetian blinds. This is about the method that would do it.

Q: To clear up some questions about the landing platform, you say it may not be a platform as such, but just a series of rockets. Is it possible to assemble something out there, some solid mass, like a platform? How would that be done and what would it be like?

Dr. von Braun: It depends on the purpose of that platform. Most certainly there will be one. General Simon just pointed out, man's first foothold in outer space will be one of the most valuable laboratories. So, I imagine that once you can bring people up there and establish reasonable working conditions in outer space, there will really be a scramble for space. It will be very difficult to rent space for laboratories and research institutions.

To provide reasonable living conditions in outer space could probably be done as follows: You prefabricate a structure on the ground, for example, some plastic material, material used in rubber rafts, rubberized nylon, and you ship these parts in cargo rockets up to orbit and bolt such a structure together out of all the prefabricated units and finally inflate the whole thing with internal pressure—that could be oxygen to provide an artificial atmosphere within. Then you'd use the space inside this shape as living and working quarters for the people that work up there. One conceivable configuration would be a wheel-shaped space station that would look like a great automobile tire. It would have its rigidity from internal pressure and it would be shipped up in pieces just bolted together and these in turn would be bolted together in space.

Q: Riveters hanging in space—

Dr. von Braun: Not riveters, but people who would connect flaps, and so on.

Q: How soon do you think such a way-station platform in space could actually be produced and put up there? How many years do you give it?

Dr. von Braun: That is a question of the financial effort behind it. I think it is a combined engineering-scientific problem like many others, and usually the time factor depends on how many engineers and how many scientists and how much time to solve the problem. That's the root of the whole question.

Q: Do you think it could be done in 10 years if enough effort were put behind it?

Dr. von Braun: Maybe 15.

Q: You've been quoted as saying that you could have manned stations encircling the earth at 1,075 miles altitude by 1985—

Dr. von Braun: Yes, that is the time when we would be, most likely, ready to have a space station.

Q: What do you think of that estimate, General?

Gen. Simon: Well, I would say it takes something of the order of four years to develop an ordinary artillery piece, the order of seven years to develop a guided missile, certainly it would take several multiples of that time to develop a missile for that sort of thing. But there has to be an incentive to obligate that money and people and time to do that sort of thing. At present we don't see that incentive.

Q: That brings us right back to the question: What good is this, and how can you sell it to the taxpayers?

Gen. Simon: You can't, not until we learn more so that we can see that there's something to be gained by doing this and to supply that incentive.

WHAT NEW DATA WILL MEAN—

Q: Is the information we are likely to get from this satellite necessary to advance any further in the field of intercontinental missiles?

Gen. Simon: Let's not put it that way, if you don't mind. Let's say this: If we're successful in this small satellite, we will enhance our knowledge of fundamentals. That is the purpose of the experiment--to enhance our knowledge of fundamentals, particularly in connection with the International Geophysical Year. If we enhance our knowledge of fundamentals, then that increase has a tremendous leverage power in increasing our ability to satisfy purely utilitarian needs like making better missiles or making better antitank weapons, or anything else.

It must always follow that if you increase your fundamental knowledge, you become immensely more progressive. Now, if we want to specify in what ways we will become more progressive, in the first place, it's difficult to deal with and, in the second place, until we can do it we can't say it. We have speculations on what we can do if we knew more of certain things. If we really knew the character of the ionosphere, we'd have ideas on what we could do. If we really knew the atmosphere, we could lay our plans much better. But what those plans would be is hard to say until you've acquired the knowledge.

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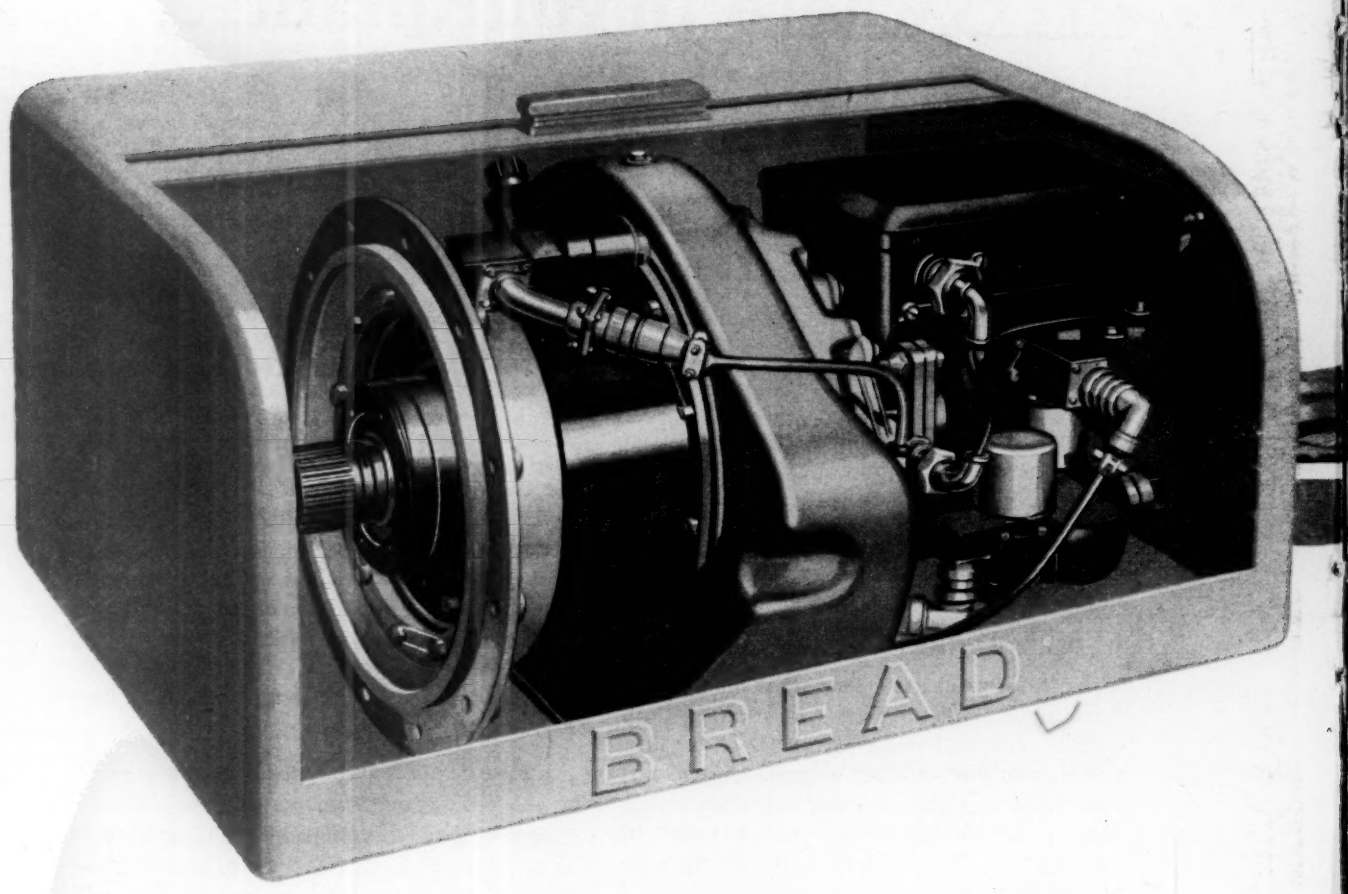

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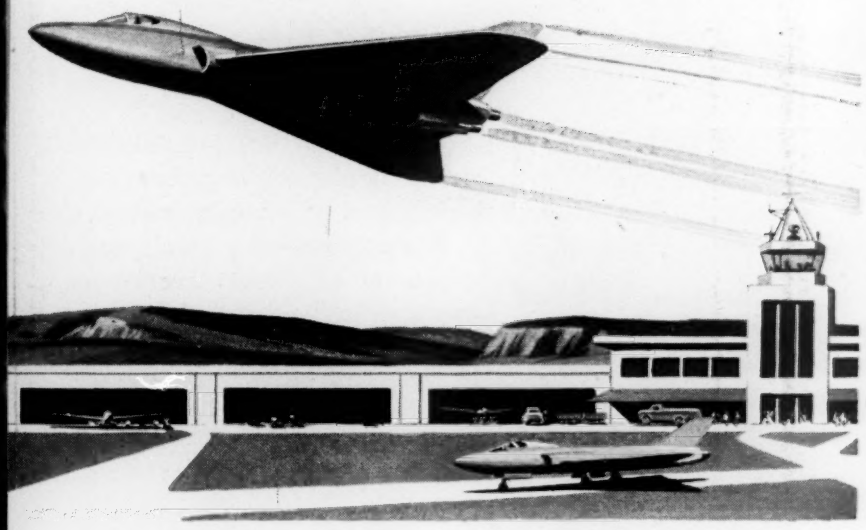

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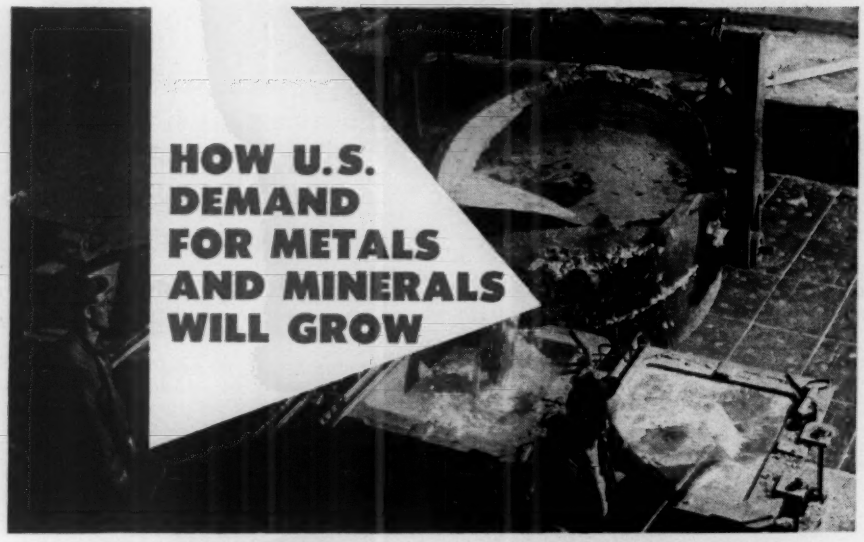
Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

MORE METALS WANTED— CAN U.S. GET ENOUGH?



HOW U.S. DEMAND FOR METALS AND MINERALS WILL GROW

	Expected Increase in Use Compared With 1954
ALUMINUM	UP 54% by 1960
BITUMINOUS COAL *and lignite*	UP 107% by 1975
CHROMITE	UP 116% by 1975
COPPER	UP 28% by 1960
LEAD	UP 34% by 1975
MAGNESIUM	UP 219% by 1960
MANGANESE	UP 75% by 1975
MOLYBDENUM	UP 183% by 1975
NATURAL GAS	UP 51% by 1975
PETROLEUM	UP 59% by 1975
SULPHUR	UP 76% by 1975
TUNGSTEN	UP 197% by 1975
ZINC	UP 20% by 1975

Source: Bureau of Mines

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Government has just taken a new look at many important materials and at markets for them.

More aluminum, steel, coal, oil, more of almost everything appears to be needed.

Yet, most materials are not expected to be in tight supply.

The U. S., now feeling shortages of steel, copper, aluminum and nickel, is going to be under pressure to increase supplies of these and other important materials for years to come.

That is one big lesson that can be read from a new Government study of more than 100 metals and minerals.

The study, being made ready for publication by the U. S. Bureau of Mines, foresees a great growth in markets for almost everything during the next two decades.

In some instances, increases verge on the fantastic, as shown in the chart on this page. For instance, federal experts think the nation's soft-coal mines, just now recovering from a serious depression, will have a market for 750 million tons or more per year before 1975 rolls around. That compares with less than 363 million tons in 1954 and a peak of 594 million some years ago.

Generally, the Government thinks supplies of metals and other materials can be expanded in pace with the growing demand, thus avoiding all but temporary shortages.

Such expansion of supplies, however, assumes that the U. S. does not become involved in a war which would cut off foreign sources, as happened in World War II.

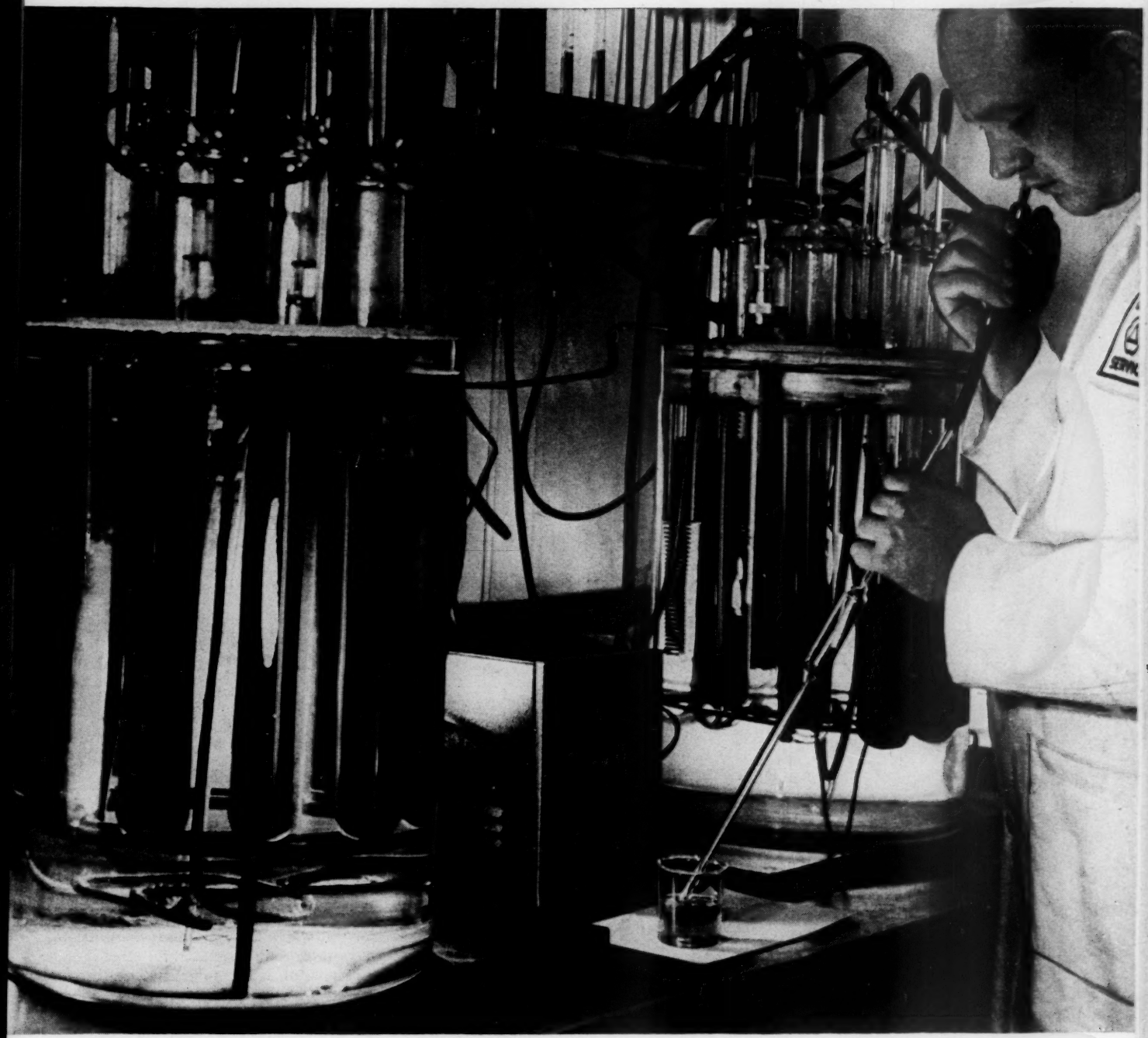
To avoid shortages in peacetime, the Government also assumes there will be progress in finding new sources of supply at home and abroad and new methods of exploiting supplies that now are not economical.

Rapid growth. Faster-than-average growth is foreseen for light metals.

Growing markets for aluminum are expected in aircraft, automobiles, electric cable, wall paneling, siding, lightweight irrigation systems, containers and possibly in air conditioning. U. S. use, not

(Continued on page 76)

GOING PLACES *into a drop of oil with Cities Service...*



Cities Service researchers enter the minute world of the molecule and come out with new and better products . . . for example, 5-D Premium gasolene and 5-D Koolmotor oil. The superior performance of these new products has boosted sales of Cities Service gasolenes at double the rate of industry demand.

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Metals companies will need foreign sources . . .

including stockpiling, is likely to grow from about 1.6 million tons this year to more than 2 million by 1960, the federal officials believe.

At the same time, more magnesium will be used in planes, trucks, household utensils, hardware and other consumer goods.

The steelmaking industry is counted on to take greatly increased amounts of iron ore, manganese, chromite, molybdenum, nickel, tungsten and other alloying materials. Production of steel is forecast at 150 million tons in 1975, compared with about 114 million in 1955.

The metal companies will become increasingly dependent on foreign supplies during the two decades, the study indicates. Already, U. S. producers of steel are digging into iron-ore deposits in Venezuela and Labrador.

—Anaconda Copper Mining Co.

COPPER MINING

Also, a search for substitutes

The U. S. is self-sufficient only in one major ingredient used in steels—molybdenum, a hardening agent. But, the Bureau points out, when the price is high enough, or when a war is on, industry can turn to costlier domestic ores. This already is being done in the case of taconite, a newly developed source of iron.

Less for defense? Some raw-materials industries wonder what will happen if the defense program ever is greatly reduced. For them, the Government has this reassuring word: In some cases, civilian uses will grow enough to eliminate any slack.

Civilian demand will increase enough

. . . Lead: a swing from surplus to shortage

"within 10 or 15 years" to take up all the nickel being used in weapons, the experts predict.

Demand for major nonferrous metals is expected to grow rather moderately, compared with demand for magnesium, molybdenum and titanium.

Search for substitutes for copper has been "accelerated," the Government finds. Also, countries that import this metal from the U. S. are building their own smelters and refineries in an effort to become self-sufficient.

A more cheerful change, from the producers' viewpoint, is predicted in the case of lead. This has been a surplus metal, propped up by a Government buying program. "In the long run," the Bureau says, "the problem in supply will be one of shortage."

More for atomic industry. Atomic industry is expected to provide markets much larger than today's for some of the less-common materials. But, in the infancy of this industry, the Bureau finds it hard to make any firm predictions.

Price of uranium is being guaranteed by Government through March 31, 1962. "Uranium demand after 1962 cannot be foreseen, although in every respect the future seems most encouraging," the official document says.

Thorium is seen as a possible substitute for larger quantities of uranium in reactors used for electric power.

Helium, produced entirely by the Government, is being used by the Atomic Energy Commission for undisclosed purposes and also is a fuel for rockets and guided missiles.

Bismuth, with thorium or uranium, can be used in the so-called "breeder" reactors. Barite can be used in concrete to shield against atomic radiation. Cerium compounds are used in optical glass and in windows of atomic reactors.

Beryllium and cadmium are materials that can control the atomic reaction process. Zirconium is described as the best metal discovered so far for "the structural material" of nuclear reactors.

Where demand may drop. In only a few instances, the Government report sounds rather unencouraging.

Demand for mercury may decline in the near future, but increase somewhat over the long run. Radium is found to be giving way to other radioactive materials. Arsenic is being replaced by less-poisonous materials in insecticides. Aluminum oxide has become a substitute for corundum as a grinding material.

Demand for bromine, which is used

(Continued on page 78)

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Outlook for anthracite looks bleak to experts . . .

in making antiknock gasoline, may diminish, as jet engines become general in aircraft; these engines do not need the antiknock fuels.

The Bureau also sounds rather skeptical about the outlook for anthracite. A reduction in price or some big new use is needed to improve the market for this fuel, the experts say.

At the same time, they report a change for the better for soft coal: ". . . It is believed that the consumption of coal has reached its lowest point and that the economy already has reached a transitional period in which the demand for energy of all kinds will increase heavily."

Big increases in petroleum and natural gas, as shown in the chart on page 74, are not regarded as sufficient to take care of all the country's future needs for power. Atomic energy is viewed as a serious competitor for these "fossil" fuels only in the very long run.

Steelmaking is counted on to consume millions of tons of additional coal as coke. Rising costs of drilling are expected to incline the oil and gas companies to turn, in the next decade or so, to extracting oil and gas from coal.

Not all economists share the Bureau's optimism about the future of bituminous coal. Some point out that the nation's economy grew greatly from 1936 to 1954 without any increase in the domestic use of coal. They feel the Government may be underestimating the development that is likely to come in oil, natural gas and atomic energy.

Construction materials. The Bureau paints a bright picture of the demand for the materials used in construction, such as gypsum, lime, sand and gravel. It points to a growing demand for some new ingredients, including vermiculite and perlite, being used in plaster and concrete.

Farmers and chemical companies are expected to use more phosphate, potash and nitrogen compounds. Sales of phosphate, about 4.2 million pounds in 1954, are expected to increase to 4.8 million by 1960 and 8 million by 1975.

Some of the least-known materials are just coming into use and have promising prospects.

"Recent studies have indicated that the production and consumption of rhenium are likely to increase several hundred per cent in the near future," the experts report. This is a metal being used in corrosion-resistant alloys, electrical contacts, certain types of control mechanisms, and antiknock compounds. It can be used in light bulbs.

"Why we have a plant in Mississippi"

HORACE A. CARTER
President
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This testimonial is typical of other nationally known industries which are now operating in Mississippi. Many industries today are taking advantage of the state's BAWI (balance agriculture with industry) plan under which political subdivisions may vote bonds to finance the purchase of sites and the construction of buildings for lease to new or expanding industries.

We invite your further investigation of Mississippi and its BAWI plan. Your request for information will be handled promptly and treated with confidence.

BAWI
A DECADE OF PROGRESS IN MISSISSIPPI

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. . . New report is closer to mining-interest views

Rhenium, however, is very scarce and expensive. Production now is only about 100 pounds a year; it is expected to go up to 1,000 pounds in 1956.

A group of materials known as the "rare-earth metals" is finding a wide variety of uses in alloys, ceramics, optical glass and photographic processes. Important deposits are located in the U. S.

The list of materials likely to have growing markets includes also salt, silver, sulphur, asbestos, major types of clay, industrial diamonds, garnet, germanium, lithium, the platinum group of metals, fluorspar and boron.

A previous study. The last time the Government made a similar study was in 1952. At that time, President Truman's Materials Policy Commission took a somewhat different view on a number of questions.

That group felt strongly that the U. S. was going to be faced with shortages of a great many materials. Stress was laid on buying from abroad, on not using up domestic ores too rapidly.

The Truman Commission's report was attacked sharply by domestic mining interests. The new report seems to be closer to their point of view. The Bureau is less worried about shortages, about husbanding U. S. reserves. It is more concerned about protecting domestic industry against foreign imports.

That shows up in the attitude toward tariffs. The Truman Commission said: "Elimination of the tariff on many industrial materials would be of benefit to the United States." The Bureau says it wants tariff rates that will not hamper foreign trade too much "and yet will provide enough protection to maintain a healthy domestic mining industry."

Reasons for optimism. Both reports count on vast growth for the U. S. in the next 20 years. The Bureau figures there will be, by 1975, at least 34 million and possibly 56 million more consumers of materials. It expects the nation's total output of goods and services to increase by 90 per cent and its industrial output by 80 per cent. Supply of power from present types of fuel is to increase at least 35 per cent and possibly as much as 44 per cent, according to this report.

Thus, the Government is forecasting a great future for the mining industry and others who process materials, also is painting a bright future for the whole country. In the major field of raw materials, the Government also seems to be promising industry a helping hand, in the interest of making its happy forecasts come true.

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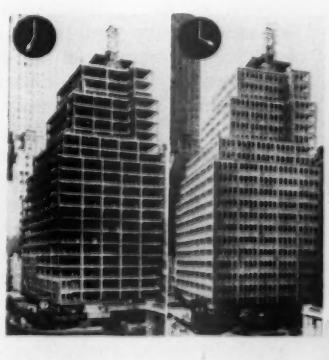

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One Governor's View:

"EASY MONEY" FROM WASHINGTON CAN WEAKEN THE STATES

Are States coming to rely too much upon handouts from the Federal Government?

Governor Arthur B. Langlie of Washington is now raising this question.

Mr. Langlie tells how federal grants to States have multiplied in the last quarter of a century. And he links this development with the growth of federal power and decline in the importance of State governments.

Governor Langlie expresses alarm at the trend. Such grants, he says, enable the Federal Government to buy control in fields that should be left to the States.

If States are to maintain their strength and independence, the Governor warns, they must face up to their responsibilities, pay their own way and quit looking to Washington for easy money.

by Arthur B. Langlie
Governor of Washington

Ever since the founding of the republic, the division of powers and responsibilities between the National Government and the States has been the cardinal question in our federal system. The great debate before and during the Constitutional Convention aimed to find a balance between the necessary central authority and the greatest amount of individual freedom and local self-determination. It continued and is far from ended. . . .

* * *

We all know that during our living memory a major change has occurred in our federal system, that the tremendous growth in size and importance of the Federal Government has somewhat eclipsed the historic role of the States. This did not come about by a change in the Constitution. The Tenth Amendment still stands and declares that: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." But it has lost most of its effectiveness by the broad interpretations of the commerce and welfare clauses of the Constitution adopted in the past two decades. We may be reminded of John Randolph's famous statement, "You may cover whole skins of parchment with limitations, but power alone can limit power."

The real force in the march of power to Washington has been the expansion of grants-in-aid to the States for a multitude of their activities from a paltry 3 million dollars at the turn of the twentieth century to 3 billion dollars in the current year. Grants-in-aid have enabled the Federal Government to buy authority and control in any field of activity it wished.

I want to make it clear that I am not opposed to federal grants-in-aid as such. They have done much good, accomplished many worthwhile purposes. There is a legitimate place in our federal system for stimulation of State functions and for assistance by the National Government. Nor do I believe that irreparable harm has resulted so far from the transfer of decision-making power. But I wonder whether the States can go on taking more and more federal money and expect to retain control of their own activities. It is naïve to expect that more than a mere appearance of autonomy can be preserved by a body which subsists increasingly on subsidies from a central government.

The expansion of the grants-in-aid system and of federal authority is often attributed to a failure of the States to provide by their own initiative and under their own powers the services and facilities which the people demanded. The charge is not without substance. The States have not always adequately exercised the powers they have. More than once the Federal Government stepped in because the States had failed to act under their own initiative.

Sometimes it is asserted that the States are financially unable to raise the necessary funds at home. That claim is patently without substance. All the income and wealth which can be taxed by the Federal Government is located within the 48 States and subject to their taxing powers. Grants-in-aid come either from taxes which the Federal Government collects from the citizens of the States and redistributed—less a brokerage fee and with strings attached—or from federal deficit financing which is paid for by inflation.

Until the early part of the twentieth century, State governments were largely lawmaking and law-enforcing agencies. The idea of the service State was barely known. Few of the hundreds of services which the States now perform were then in existence. States took little or no responsibility in the building or maintenance of roads, they did not participate in public assistance nor other public-welfare services; activities for the conservation and development of natural resources—of fish and game, forest, water, agriculture—were at best nominal; industrial safety, industrial insurance, pollution control and many other functions were unheard of.

States generally maintained insane asylums that were a

. . . "Most costly State service is in the field of education"

far cry from the mental-treatment centers they operate today; they ran State prisons and a few small normal schools and colleges; they contributed little to the support of common schools. Regulatory activities in the professional and utility fields were rudimentary. Technical service and advice to local areas was nonexistent.

The need and demand for a multitude of public services skyrocketed in the first half of the twentieth century, largely because of problems created by industrialization, urbanization, the greater mobility of our population, more rapid communications and in general the progress in technology. . . .

• • •

What has been the response of State government to the challenge of the twentieth century?

Let me give you a few data on the changes that occurred between 1902—the year of the census of governments closest to 1900—and 1954:

—Harris & Ewing

GOVERNOR LANGLIE

The population of the United States doubled. Prices tripled.

If State governments had maintained their services at the same level, they would now be spending a little over six times as much as they did in 1902. Actually, State governments spent in 1954 for the support of their many and diverse services just 99 times as much as they did in 1902. They were helped in 1954 through federal grants-in-aid to the extent of 14 per cent; in other words, $6 out of every $7 the States spent came from their own sources. Not counting federal funds, State expenditures multiplied 86 times between 1902 and 1954; that is 14 times faster than the rise in population and prices.

During that period the national income multiplied 20 times. But State services—measured by expenditures—grew four times faster than the national income. In 1900 there was one State governmental employe (not including school employes) for every 950 persons in the population; by 1955 there was one for every 195 persons.

In no comparable time in history has any free government expanded at such a rate nor adjusted its activities as rapidly to changing economic and social conditions. State government admirably responded to human needs and readily accepted the many novel duties of the new day. It was restrained only by a reluctance of the people to increase their tax burden at a faster rate.

State activities did not grow at an even pace. They rose much faster in the first 30 years of the twentieth century than they did subsequently. Between 1902 and 1932 State expenditures—not including those from federal funds—multiplied nine times in dollars of constant value; since 1932 they multiplied three times. Between 1902 and 1932 State expenditures grew four times as fast as the national income; between 1932 and 1954 State expenditures barely matched the growth rate of the national income.

Depression and war had something to do with that. For 15 years now, war and the recurring threat of war have forced the nation to give precedence to the demands of defense, to devote a greater share of its products to military purposes and to accord a lower priority to the domestic consumption of goods and services, both public and private.

Federal taxation has been a major influence in shaping state fiscal policies. Between 1902 and 1932 the Federal Government claimed between 3 per cent and 5 per cent of the national income—except during World War I. During the middle '30s the federal tax take started rising; it reached 10 per cent of the national income by 1941 and has been running between 20 per cent and 25 per cent ever since 1944.

This heavy load pushed the total tax burden to the limit which the American people were willing to bear in peacetime, or which the economy was able to sustain in the long run without losing its capacity for expansion. It made it economically and politically impossible for State and local governments to increase their share of the national income. The States' share of the national income dropped during the war and has only in recent years regained its prewar position; the local government share is far below its earlier levels. In 1932 State and local taxes claimed 12.4 per cent of the national income; in 1954 they took only 7.3 per cent.

Progress of the States has been uneven. Some activities have advanced faster than others. Some States have acted as pace setters; others are lagging behind. Some States have strained their fiscal resources and others displayed only modest efforts. It is undeniable that in certain respects the States have not lived up to their responsibilities, that some of them have been slow to recognize the urgency of needs and have not provided the services or facilities which their citizens expected.

Let me review briefly a few of the accomplishments and shortcomings in education and highways, the two largest areas of State activity which together account for about half of all State general expenditures and half of all State employes:

• Probably the most important service rendered by the States—and the most costly one—is in the field of education. Until 1900, States discharged their responsibility for common schools largely by creating local school districts or other local units with taxing powers and by modest subsidies. Between 1902 and 1954 State contributions to public schools rose from 45 million dollars to 3 billion dollars, local contributions from 200 million dollars to 5 billion dollars. Between 1900 and 1954 the number of school-age children (5-17) rose 67 per cent, daily attendance in public schools 150 per cent; we are now spending six times as much in dollars of constant value per pupil.

A greater percentage of our youth is attending school than ever before in history or in any other country; the educational opportunities available to our boys and girls are on a scale unknown elsewhere in the world.

We are painfully aware of critical shortages of teachers and of classrooms all over the nation, caused partly by a lack of funds. In some areas conditions are deplorable and call for drastic action. Many States are catching up, but others leave much to be desired. It is clear that the nation cannot look on indefinitely while part of its youth is at-

. . . "Getting money the easy way is habit-forming"

tending school under conditions which most Americans would not regard as acceptable.

States have maintained colleges for a long time. But only in recent years have they been called upon to shoulder the major burden for higher education in the United States. States' contributions to higher education rose from 13 million dollars in 1902 to over a billion in 1954. Around the turn of the century, about one youth in 25 attended college; this ratio still prevails in Great Britain and other European countries. At the present time about one American youth out of three enters college. We have about one fifteenth of the world's population, but enrollment in our institutions of higher learning almost equals college enrollment in the rest of the world. In a few years our colleges will face the tidal wave that is now moving through our elementary schools. It is well that we lay plans in sufficient time to meet the problem, lest the Federal Government be asked to enter this field with a major program.

• There were virtually no State highways in the United States at the turn of the twentieth century. Since then, the States have constructed by far the greatest highway system in the world, 600,000 miles of State highways besides 2.5 million miles of local roads or streets. In each of the past five years, State highway departments have built over 50,000 miles of roads. In 1946 State governments spent 1 billion dollars on highways, in 1948 2 billion dollars, in 1954 more than 4 billion dollars. State and local governments together spent in 1954 6 billion dollars on roads. They raised 90 per cent of these funds and derived 10 per cent from federal aid.

In spite of this spectacular increase, we must all agree that our roads are sorely inadequate: 36,000 people are killed, 1.25 million injured each year in motor-vehicle accidents, billions are lost in delays, nerves are wrecked in frustration, largely because of overcrowded, insufficient, obsolete roads. The truth is that States have not raised their revenues fast enough to catch up with the war-accumulated backlog and the skyrocketing traffic.

The National Administration has now proposed that for the next 10 years the Federal Government accept the major responsibility for financing a complete modernization of the 42,000-mile interstate-highway system. This should enable the States to allot greater funds to the more than one half million miles of other State roads. But they will have to increase their efforts at an even faster pace if they are to maintain a major role in the highway field.

These two examples of schools and roads may suffice to demonstrate some of the reasons for the expansion in federal activity. In areas of national concern, inadequate State action sooner or later leads to federal intervention. The Federal Government may either take over certain functions or stimulate States into greater activity by grants-in-aid.

In the past two decades, close to 50 programs of federal aid were enacted, extending over a wide variety of fields. They have helped establish numerous useful activities and elevated standards in many vital services. In many respects they have been a healthy and beneficial influence.

There is nothing inherently wrong with federal grants—as long as they are taken in small doses. The trouble is that getting money the easy way is as habit-forming as taking narcotics. It seems impossible to keep the amounts under control. The recipient, once he has had a taste, needs and demands increasingly stronger doses to produce a continued pleasant effect. They sap his strength to sustain himself by his own powers and rob him of his resistance till he becomes an addict, dependent upon ever greater doses.

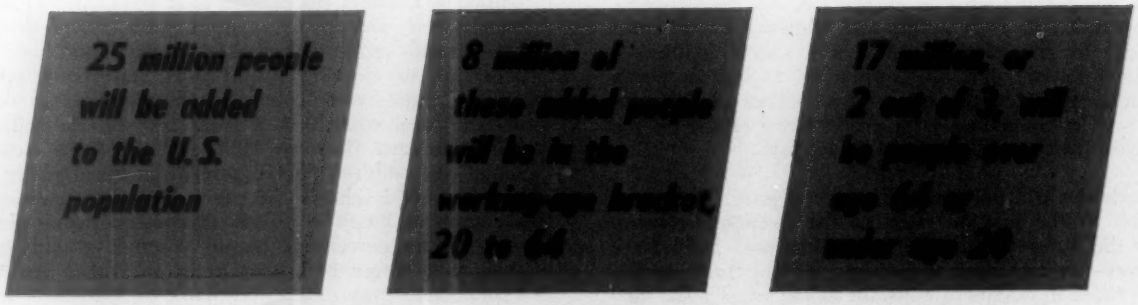
Public officials at State and local levels, aiming to please the various interest groups, try to give them the maximum

(Continued on page 84)

WHAT STATES SEE AHEAD:

More and More Demand for Government Services

In next 10 years, 1955-64—


25 million people will be added to the U.S. population
8 million of these added people will be in the working-age bracket, 20 to 64
17 million, or 2 out of 3, will be people over age 64 or under age 20

SO: Increase in population that needs institutional care, schooling, and other State services will be twice as great as the increase in working-age population that provides the tax money to pay for such services.

Source: Speech by Governor Arthur B. Langlie

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Nickel-bearing "skin" makes New York's newest skyscraper one of its brightest spectaculars

When you're building for the future, always build Inco Nickel into your plans...

New York City has seen great skyscrapers going up before.

But nothing quite like the gleaming, new Socony Mobil Building, soon to be one of Manhattan's brightest spectaculars!

It's the largest *metal-clad* office building in the world. And all that cladding, all that glistening metal "skin," is stainless steel. A stainless steel that contains Nickel.

That means there's Nickel in the beautifully designed curtain walls

Nickel in pier covers; Nickel in spandrels; Nickel in window sashes and frames; Nickel in mullions and louvers.

And that means . . . ?

Well, Nickel makes stainless steel easier to work. Look at those curtain walls: the three-dimensional "carved" effect stamped into the panels is a sure sign Nickel is there. It's what makes the steel flow so well under the impact of hammer and die.

Nickel is also there to buttress the durability and corrosion resistance of stainless steel – important factors in keeping maintenance costs down over the years.

"The Romance of Nickel", a 65-page booklet, will tell you a lot more about this great "helping" metal. Free. Write, The International Nickel Company, Dept. 263d, New York 5, N. Y.

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Up goes the curtain on the Nickel-containing stainless steel curtain walls of New York's newest skyscraper. Note "carved" effect!

With Inco Nickel in them— metals perform better, longer. The Nickel in these stainless steel windows makes fabrication easier.

MANHATTAN'S new 45-story Socony Mobil Building will have 11 acres of Nickel-containing stainless steel "skin."

INCO TRADE MARK **Inco Nickel**... *Your Unseen Friend*

THE INTERNATIONAL NICKEL COMPANY, INC.

HOW ROLE OF STATE GOVERNMENTS HAS EXPANDED

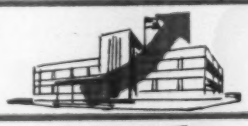
In the years between 1902 and 1954—

State spending

rose 9,800 per cent, to $18.7 billion a year.

State employes

increased 900 per cent, to 820,000 in 1954.



State aid to schools

jumped 6,600 per cent, to $3 billion a year.

State spending for roads

*skyrocketed from a negligible sum to $3.6 billion.**

*Exact records not available for 1902. Sum of $3.6 billion for 1954 excludes $400 million in federal aid to States for road construction.

Source: Speech by Governor Arthur B. Langlie, and Commerce Dept.

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in the desired services and facilities. They are restrained by the painful necessity of presenting their constituents with a bill. State and local services carry a price tag because State and local budgets generally must be balanced. The new school building, the new road, higher welfare checks may mean another per cent on the sales tax, add another cent to the gas tax, an extra 5 mills on the property tax or lower exemptions on the income tax.

If the people have the alternative between paying higher taxes and forgoing a service, they may often vote for the latter. Public officials at the local levels, faced with a decision, cannot easily evade political responsibility for it. The mayor, county commissioner, school-board chairman or tax assessor are clearly identified and must answer to their neighbors for higher taxes. It is an understandable human tendency to try dodging this unpleasant duty and to seek another way out. At the State level, personal responsibility for tax boosts is somewhat diluted but still uncomfortably conspicuous.

At the federal level there is no identifiable connection between the advocacy of higher appropriations and the responsibility for raising taxes. The proponents of federal expenditures for some desirable and beneficial purposes are under no pains to stand up and be counted for higher tax rates.

The names of the acts of Congress establishing major grant-in-aid programs are generally well known: the Morrill Acts, the Hill-Burton Act, the Clarke-McNary Act, the Bankhead-Jones and Smith-Lever Acts, the Smith-Hughes and George-Barden Acts, etc. But who ever heard of a *tax* bill named after those or any other Congressmen?

It is understandable that representatives are eager to claim credit for the "manna from heaven" they secured for their constituencies. Their record will popularly be judged by the amount of bacon they brought home in the form of federal money. Why? Because in most people's minds federal money comes for free.

They do have a point. In the past five years federal aid to the States totaled 13.8 billion dollars, the budget deficit 17.6 billion dollars. So it seems that nobody had to pay for these benefits. That charm is hard to beat. Who wants to shoot Santa Claus? Only three out of the past 25 federal budgets were balanced; meanwhile we piled up a national debt of 280 billion dollars. Only now is there a chance that next year the federal budget may be balanced—and will stay balanced.

You understand how hard it is for politicians to resist the temptation of handing out benefits—if they don't have to accept personal responsibility for higher taxes. Almost 100 years ago, President James Buchanan, in vetoing a bill making federal grants-in-aid to the States, said: "Should the time ever arrive when the State governments shall look to the Federal Treasury for the means of supporting themselves and maintaining their systems of education and internal policy, the character of both governments will be greatly deteriorated."

Two thousand years prior, Octavius Augustus took a more cynical—or as some would say, realistic—view: "I was strongly inclined to abolish forever the custom of distributing grain to the people at public expense. . . . But I did not carry out my purpose, feeling sure that the practice would one day be renewed by someone ambitious of public favor."

It is essential for the maintenance of political responsibility that the level of government that decides on expenditure policies should also be responsible, as much as possible, for the raising of the necessary funds. The pleasure of spending public moneys should be tied to the pain of raising them.

The system of evading responsibility and seemingly getting something for nothing naturally whets the appetite of ambitious politicians for glory and of special-interest groups for more of the easy money. Eventually, the system of depending increasingly on central-government support must lead to central-government domination. The only way out is to deal with the American people honestly and squarely in presenting to them the bill for whatever services they wish.

I believe that our citizens are able and competent to judge between the essential and the gingerbread, that they are willing and ready to pay for the cost of good roads,

(Continued on page 86)

Fabric helps keep power under wraps ...underwater

Three different kinds of fabric tapes are used in this Okonite high voltage power cable.

"Packaging" power to do a job is a long-time specialty of the Okonite Company, Passaic, New Jersey. Their submarine electrical control and high voltage cables must not only deliver power, but also long lasting, reliable and efficient operation. Fabric is a partner in this job. Okonite uses Wellington Sears "Columbus" sheeting in a variety of forms for cable assembly. This sheeting fabric is outstanding for uniformity of quality, durability and mechanical strength. It is processed by Okonite into binder, curing and semi-conducting tapes for "wrapping-up" cable components—some more than 4 miles long. It is interesting to note that "Columbus" sheeting is used by industry not only for tapes, but for other coating and rubberizing applications, such as automobile and furniture upholstery, luggage and hospital sheeting. It is representative of the thousands of fabric constructions — cotton and synthetic — available to industry from Wellington Sears. If you think you can use our century of experience as "Headquarters For Industrial Fabrics," let's get together — or write us for illustrated booklet "Modern Textiles For Industry." Address Dept. E9.

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. . . "In most States, administration of property tax is scandalous"

good schools, good care for the dependent and afflicted unable to care for themselves. I think that the people are way ahead of the politicians who think that they have to wrap it up nicely and hide the cost.

* * *

I can see no reason why we should not raise at State and local levels the funds necessary to support the essential services that must be performed. There is no magic in the Federal Treasury beyond its ability to run up debts of astronomic proportions. In 1932 the gross federal debt equaled 20 per cent of the national income; State and local indebtedness was of the same magnitude. By 1954 the gross federal debt had grown to 98 per cent of the national income, while State and local debt had shrunk to 12.5 per cent. Interest on the debt alone absorbs 10 per cent of the federal budget; interest on State debts amounts to only 1 per cent of all State expenditures, interest on local debts 3 per cent of local expenditures. Twenty years ago, interest payments took about four times as large a slice of State and local expenditures.

Another significant sidelight on State and local fiscal ability: In the past five years State and local governments increased their investments in federal securities by more than all other investors combined. They seem to be in a better position to take on responsibilities than the debt-ridden Federal Government.

The crux of the federal-State problem lies in the financial field. What we have to do at State and local levels is face up to the facts and quit looking to Washington for ever-greater subsidies. A reduction in the federal tax burden is the best avenue to enable State and local governments to get on their own feet. We had a major federal tax cut last year, may possibly get another one next year. The keynote in Governors' messages to the 42 State legislatures which met in January of this year was extension of services and acceptance of the fiscal responsibility for them. Legislative action so far indicates that the year 1955 may see more and heavier State tax boosts enacted than any year in recent history.

* * *

Where States Have Failed

There are other fields besides the financial in which many States have failed to live up to expectations. Some of these shortcomings seriously affect the ability of States to exercise their duties in our federal system. The most important ones among them seem to be these:

1. The structural organization of many State governments has become obsolete; we have reached a point where the ability of State government to work effectively and to discharge its duties efficiently is severely handicapped. "Little Hoover Commissions" in more than 30 States prepared recommendations for organizational improvements. They stressed executive management, unity of command, limited span of control, a strong and comprehensive budget system, single-head departments, centralized auxiliary services. The legislative acceptance of these proposals has been discouraging. Actual accomplishments in most States have been moderate or negligible. There is an unfortunate lack of understanding of the compelling reasons and the urgency for integration of the State administrative structure.

2. State government has been conspicuously unable to compete with the Federal Government or with private industry for administrative talent. Obviously, no government can be better than the quality and competence of its employes. Fewer than half the States have a State-wide merit system; in the majority of the States, employes outside of certain federal-aid departments are subject to the vagaries of elections every few years. There has been considerable improvement in the professionalization and the salary levels in certain specialized areas, in the medical fields, in engineering, in education; this is not equally true in the field of general administration.

3. Legislative reapportionment is essential if State governments are to be representative of all their residents. For many years urban areas have complained that they are being discriminated against in the allocation of legislative seats. Unable to get adequate hearing or consideration of their problems from their State legislature, cities have been tending to appeal to the National Government for assistance in their legitimate needs. This lack of balance could be taken care of at the State level by co-operation and greater understanding of urban problems.

4. Over 100,000 governments exist and operate in the United States, more than half of them school districts. Many were carved out under an economic and settlement pattern that passed decades ago and do not have sufficient resources to provide their residents with adequate services at reasonable cost. The crazy-quilt pattern of coexisting, overlapping governmental units in some of our metropolitan areas is beyond belief. Consolidated government of those areas may be the cure for "suburbanitis" and other ills afflicting our cities. County government, that dark continent in our governmental structure, needs a thorough overhaul. The pioneer work of the National Municipal League in the fields of county and city government ought to receive greater appreciation and recognition by State legislatures. True home rule and local responsibility cannot become a reality unless the States create, or facilitate the creation of, units of local governments which are large enough in terms of area, population and economic resources to stand on their own feet, finance their own services and run their own affairs.

5. In most States the administration of the property tax, the mainstay of local finance, is scandalous. The inequity and unrealistic level of assessments make a mockery of constitutional and statutory provisions for uniformity and assessment standards. The abuse of the property tax cuts the taxing and bonding powers of local governments to a fraction of their entitlement; it prevents them from rendering essential services and makes them more dependent upon State aid. The States in turn then rely on the Federal Treasury for relief. Few actions can contribute more toward restoring the vitality of local government than an honest and fair reassessment program which—as has amply been proven—must be directed from the State level.

Needed: Better Publicity

6. State government has failed to sell itself to the public. Most people are far better informed about the National Government or about their local government and officials than about the manifold activities and vital services of State government. Newspapers and magazines give much less coverage to State government news particularly. In this they reflect the general lack of interest which is due in part to our own failure to tell about the investment in State government and the dividends in the form of services. The Federal Government is in the news all the time because the world-wide prob-

(Continued on page 88)

Merle Wolverton

From the good earth, the good life

"SEEMS to me one of the reasons we live so much better in this country is because we farm so much better.

"In Russia, I read somewhere recently, 60% of the population has to farm to feed the country.

"In America only about 14% of us are farmers. But that 14% grows more than all of us can eat, and we eat mighty high on the hog.

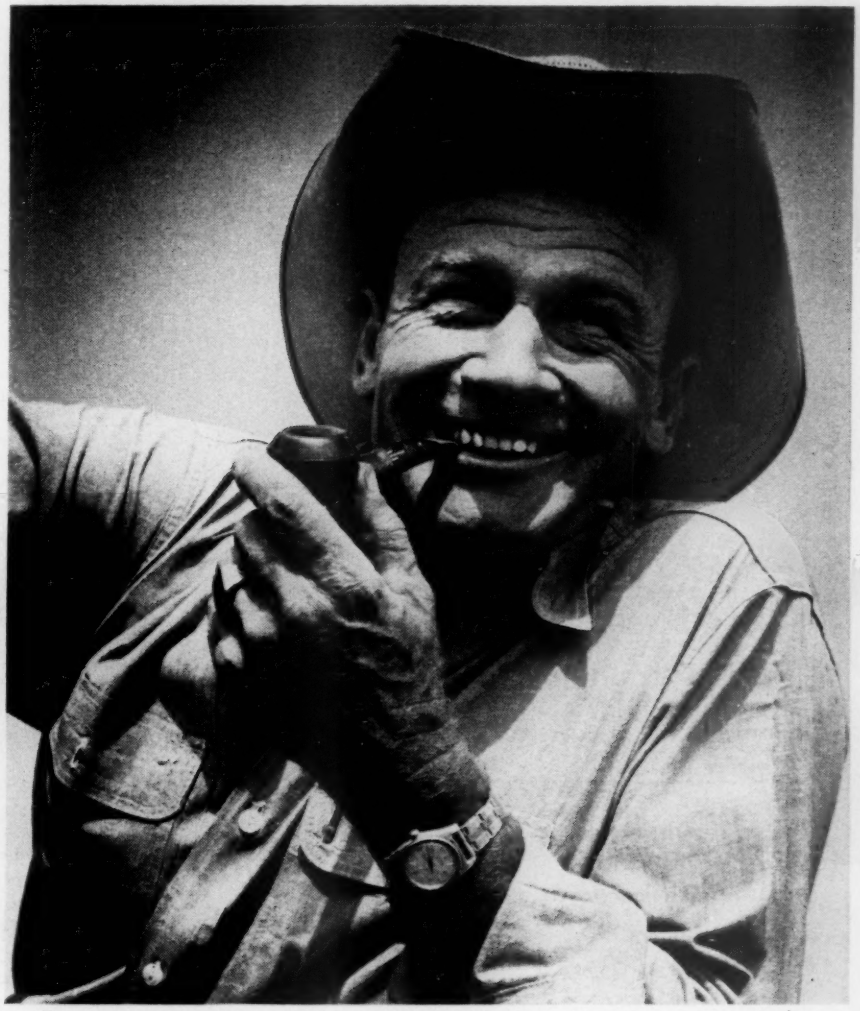
"Now I'm sure one big reason for the farmer's efficiency in this country is the help he gets from industry. Take my case.

"I farm 1200 acres out here in Orange County, California. I've got them in

limas, sugar beets, tomatoes and alfalfa. I buy my plant fertilizer—aqua ammonia—from Brea Chemicals, a subsidiary of the company where I get all my gasolines and greases, Union Oil.

"Now you think the boys from Brea are content just to sell me the aqua

ammonia? No sir. Right now, at their own expense, they're testing four different plant foods on five acres of my beets just to find out which will give me best yield.



"14% OF THE POPULATION GROWS MORE THAN ALL OF US CAN EAT!"

"As a result of help like this, my beet crop's on the way to being the biggest and healthiest yet. As a result of help like this, farming's a good business and a good life—and you and I continue to eat high on the hog!"

* * * *

Mr. Wolverton's enthusiasm for Brea's service pleases us very much. Because helping America grow is the big job of our subsidiary, Brea Chemicals.

Modern synthetic ammonia is not only increasing crop yields: it is also rejuvenating soil that was literally "worn out." As a result, one acre today produces what two acres did 15 years ago.

Economists and farm experts rank this accomplishment—along with modern farm tools—as the foremost answer to the world's food supply problem.

This is another example of how free men, freely competing, can do the job better.

YOUR COMMENTS ARE INVITED. *Write: The President, Union Oil Company, Union Oil Building, Los Angeles 17, California.*

Union Oil Company OF CALIFORNIA

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL

. . . "Federal Government assumed part of the States' duties"

lems of the "cold war" have become our first item of interest. Also, it would be difficult not to be interested in an enterprise that takes about one quarter out of every dollar we earn. Local government, our cities, school districts, etc., and their officials are physically close, affect us more directly in our everyday life. State government falls somewhat in between—it is in the middle—and somehow seems to fall between the two stools. State government will have to take the initiative in finding media to lay its case before the public.

The points I have made may sound like a big bill. They are, and they need to be, because the States are facing an

STATE WORRY: Federal Government Gets Most of the Tax Money

	1932	1954
Federal Government's share of national income (in form of taxes)	**3.7%**	**18.5%**
State governments' share of national income (in form of taxes)	**5.1%**	**4.1%**

Source: Commerce Dept. © 1955, U. S. News Pub. Corp.

unprecedented task in the years ahead. In the next 10 years the population of the United States will grow by 25 million, the greatest increase in any 10-year period in our history. In 1954, 58 per cent of our population was in the most productive age bracket, 20 to 64 years. But less than one third of the 25-million increase we expect will be in that group; more than 17 million will be under 20 or over 64.

You can easily see what that will mean in terms of the public-service burden—in schools, hospitals, welfare institutions and care for the young, homes and support of the aged. And let's not forget that we are starting out with a multibillion-dollar backlog in facilities and with service standards that need to be raised to higher levels.

Under our traditional division of functions, most of these responsibilities are in the realm of the States and communities. Will they be able to meet them? Or should we gradually relieve them of part of their duties? A man whose duties are being eased is usually the one who is being readied for retirement. A man's stature and position are measured by the extent of his responsibilities, not by his rights.

When we appraise the office of the President of the United States we talk about the weight of its responsibilities, not about its rights. The significant trend of the past 25 years has not been that the Federal Government invaded States' rights but that it assumed part of the States' duties. That may have been the fault of the States as much as that of the Federal Government. I am convinced that most of what the Federal Government did for the States was for the good. But good government is no substitute for self-government.

Almost half a century ago Elihu Root said, "If the powers of the States are to be preserved, and their authority is to be continued, the States must exercise their powers. The only way to maintain the powers of government is to govern." The measure of a man is whether he stands up and grows under greater responsibilities or whether he is trying to shunt them off. This holds equally true of a nation or a State. We cannot strengthen the States by lessening their responsibilities. The degree to which States will get ready and meet their greater responsibilities will determine their future position in our federal system. If they fail, no claim or definition of historic States' rights will have any meaning.

"Monopoly of Governmental Power"

For some years now, by a process of constant attrition of constitutional safeguards, we have been lowering the barriers against a monopoly of governmental power. Two years ago the eminent political scientist, Leonard White of the University of Chicago, wrote: "I do predict . . . that if present trends continue for another quarter century, the States may be left hollow shells, operating primarily as the field districts of federal departments and dependent upon the Federal Treasury for their support. This result would be bad for the Federal Government and would hold grave consequences for the kind of self-governing local democracy that has been an essential part of our life."

A few weeks ago President Eisenhower said that the concepts of our forefathers were conceived at a time when none could have anticipated the changes in the social and economic conditions that mass production and modern incidents have created. But in adapting to these changes, he added, we should never let down those free Americans by adjusting the concepts out of existence.

The idea for which our forefathers bled, and which they expressed in the Constitution, was not the guarantee of permanence or specific rights to the States but to "promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity."

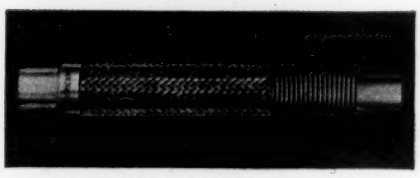
The deepest commitment of this nation is to the dignity of the person. The only inalienable rights are those of the individual, and not of any government. The genius of the Founding Fathers bequeathed to us a system which by a broad dispersal of power aimed to assure the freedom of man against any possible tyranny of government.

This system has values beyond the accomplishments of certain everyday conveniences. It is our sacred duty to transmit to our children their rightful heritage and not to squander it for temporary advantages. I trust that our political and civic leaders will show the courage and devotion to preserve for future generations their birthright to the institutions of free government. I am convinced that in this the American people will support them.

The foregoing are extracts from an address, "States' Rights and States' Duties," delivered by Governor Langlie at the 61st annual Conference on Government of the National Municipal League, Seattle, Wash., July 25, 1955.

PROGRESS THROUGH ANACONDA METALS

Bronze hose that jitters so you can relax



CUTAWAY VIEW OF VIBRATION ELIMINATOR

The Problem: We take air conditioning for granted today. We accept its quiet, dependable comfort . . . and relax. Only 20 years ago, however, things weren't so rosy. Often nerve-jangling noise was carried from the compressor through the rigid piping connections. Vibration caused piping to fail, leaving people to swelter. Back in the early 30's a division of Anaconda's American Brass Company was asked if it could help lick this problem – not only for air conditioning but also for commercial refrigeration systems, which are similar.

The Solution: The American Metal Hose Division had behind it years of experience in making flexible metal tubing, plus the background of Anaconda's metallurgical know-how. It developed a line of Vibration Eliminators specially for air conditioning and refrigeration – seamless tubing corrugated to flex, of a tough tin-bronze which can soak up the vibration of a refrigeration compressor year after year. These Vibration Eliminators, along with manufacturers' design improvements, isolated vibration. Noise died down. Pipe failures due to vibration became a minor problem. Now it's the hose that jitters – you can relax.

The Future: For any piping system in which connections must flex, move, or vibrate, Anaconda has standard units– or can quickly design special units – of the proper construction and alloy to do the job. From copper and aluminum wire and cable . . . to a full range of products in copper and its alloys for industry . . . Anaconda and its manufacturing subsidiaries constantly seek new and better ways of doing things with the most extensive line of nonferrous metals and products in the world. Call the Man from Anaconda for help in your specific problems. The Anaconda Company, 25 Broadway, New York 4, N. Y. 55235

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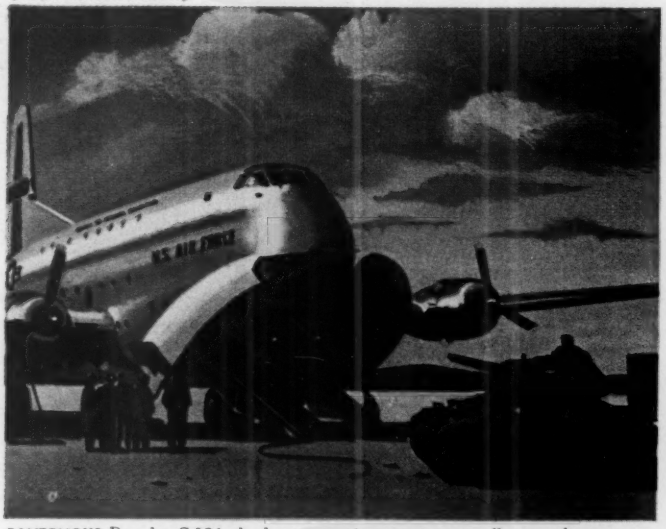
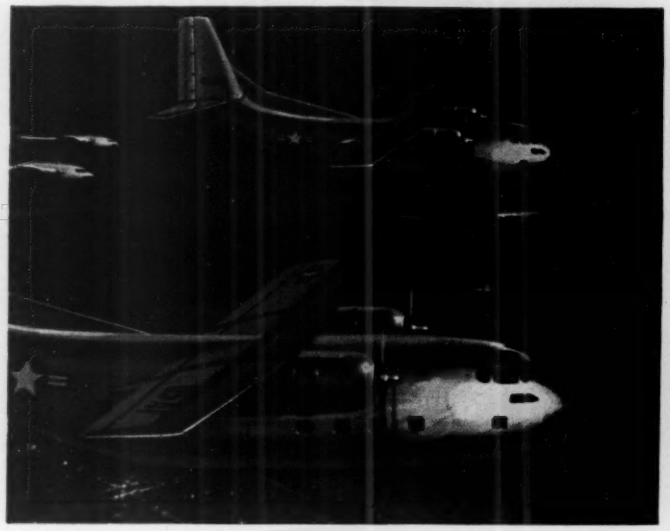
(Advertisement)

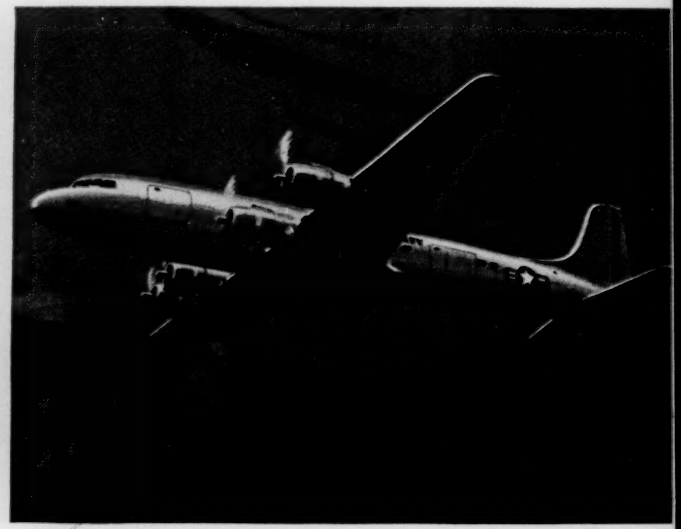


CAVERNOUS Douglas C-124, the largest service transport, swallows tanks, guns or 200 men, can fly them 4000 miles. Four Pratt & Whitney Aircraft Wasp Major engines power this Air Force giant.

TANKERS stretch range of fighting jets. These Air Force Boeings use P&WA engines: J-57 jets in the coming KC-135, Wasp Majors and Hamilton Standard propellers in the KC-97.

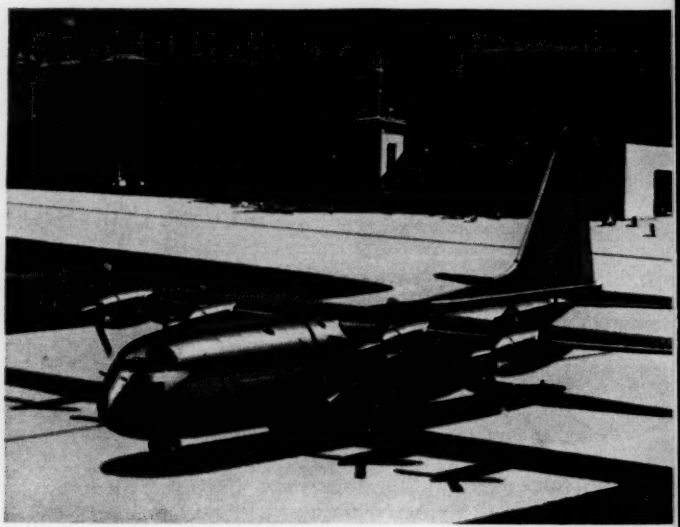


BATTLE SUPPORT is the job of Fairchild's Air Force C-123B. With P&WA engines and Hamilton Standard propellers, it can use short fields, carry 8 tons. Also shown is the famed Fairchild C-119.



LONG RANGE Douglas R6D is a Navy cargo version of the DC-6 airliner. The Air Force version is the C-118. Like DC-6s, they have Double Wasp engines, Hamilton Standard propellers.

VERSATILE, twin-engine Convair airliner is used in three military models: cargo carriers, evacuation aircraft, and flight crew trainers. All have P&WA engines, Hamilton Standard propellers.



LOW-SLUNG Lockheed C-130 is first Air Force transport designed for turboprop power. It has 4 Allison T-56 turbines of 3750 hp each. Also shown is a Navy R7V-1 Super Constellation.

OF MILITARY TRANSPORTS

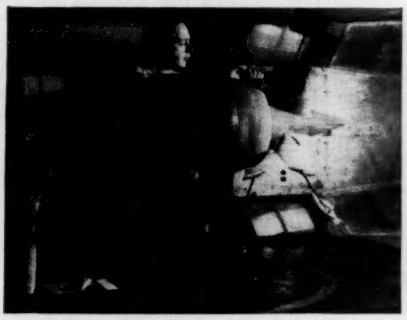
Another example of continuing progress in rebuilding American Air Power

Modern Air Power is more important than ever to national defense. Every citizen has a right to know where the nation's Air Power stands today, and what must be done in years to come to keep it strong and fully modern.

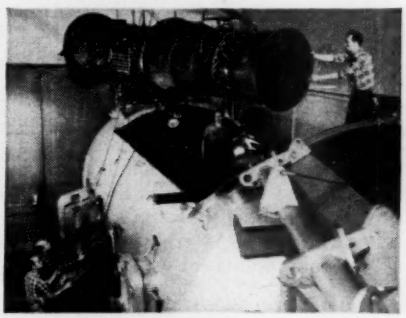
Working together, your armed forces and the nation's aviation industry are creating tremendous new air strength. It includes powerful transport planes, such as those shown on the opposite page, swift giants that are ready and able to establish lifelines of vital military cargos anywhere. Along with progressively better fighters, bombers and other aircraft, America's new transports are second to none in performance, in quality and in safety.

But quantity production of military airplanes cannot alone assure air strength. Continuous programs of aviation research and development, as well as production, are necessary if future generations of military aircraft are to be the best wherever they may fly.

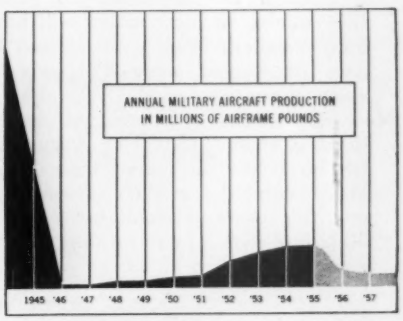
America's vital military aviation is beginning to benefit from just such long-range programs. If carried forward, without wasteful stops and starts, these programs of *continuous research*, *development* and *production* can maintain adequate, modern Air Power at the lowest possible cost to taxpayers. With such strength we may one day achieve lasting peace.



CONTINUING RESEARCH is the foundation on which aviation progress is based. Higher speeds and altitudes, greater payloads and ranges, all depend on more information, new materials or better methods discovered by research engineers. Here an engineer prepares to make airflow studies with a scale model of an experimental Hamilton Standard propeller hub and engine housing. With such advanced propellers future cargo transports will be even more efficient.



CONTINUING DEVELOPMENT of airplanes, engines or aircraft equipment brings them to the peak of their potential performance, often adding years to the useful life of a basic product. This picture shows an advanced J-57 turbojet, one of the world's most powerful engines, being prepared for development testing in a high altitude cell at Pratt & Whitney Aircraft. Development of this and newer engines will provide power for faster, still better future transports.



CONTINUING PRODUCTION of modern military aircraft—including transports that are far more powerful and more efficient than the best of World War II—is rebuilding American Air Power from the weak level of 1947 to a position of adequate strength. Only continuous future production, backed by uninterrupted research and development programs, can keep this country's air strength adequate and modern at minimum cost to taxpayers.

UNITED AIRCRAFT CORPORATION

East Hartford, Connecticut *In Canada:* CANADIAN PRATT & WHITNEY AIRCRAFT CO., LTD

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HAMILTON STANDARD *propellers and aircraft equipment,*
SIKORSKY AIRCRAFT *helicopters*
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YOUNG MEN—*New generations of military transports depend on skilled men, trained in many interesting technical fields. Ask Air Force or Navy recruiting officers about opportunities for you in the Air Force or in Naval Aviation.*

ENGINEERS: *We need experienced engineers in many categories. If you are not engaged in national defense work, write to our Personnel Dept., stating complete qualifications.*

PLUS & MINUS
Latest Indicators of Business Activity

Business activity is still strong, despite a drop in auto production resulting from model change-overs.

Department-store sales were 9 per cent above a year ago in the week ended August 27. August sales averaged 118 on the indicator, up 6 per cent from August, 1954.

Steel mills scheduled output at 93.8 per cent of capacity in the week ended September 3, compared with 90.6 the previous week.

Carloadings ran 17 per cent above a year ago for the largest margin of gain this year.

Bank loans are expanding vigorously at weekly reporting banks.

The auto industry is making its hardest drive since 1953 to clean up dealer stocks of current-year models.

Auto output, estimated by Ward's Reports, Inc., at 129,222 for the week ended August 27, seemed likely to drop to the lowest for this year in the week ended September 3. Most producers have ended their assembly of 1955 models. General Motors Corporation, still turning out 1955 models, will stop making them this month.

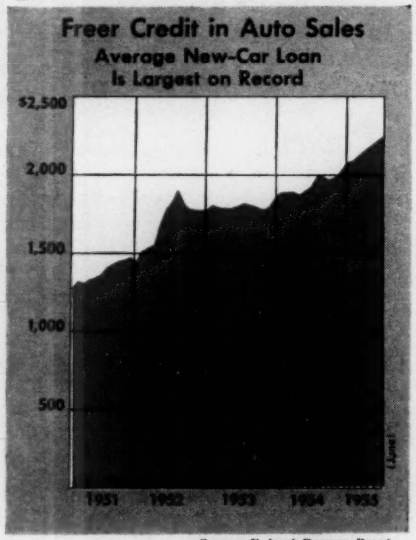
Intensive selling efforts of dealers aim at getting stocks of 1955 models as low as possible by November 15, when 1956 models of most makes will have been unveiled. Sales in the second 10 days of August were 37 per cent above the same period a year ago.

New-car stocks of franchised dealers stood at about 715,000 on August 20, not far below the record high of last May. With sales at their present high rate, this inventory would last less than 30 selling days if factories stopped producing altogether.

The used-car market is reported in fairly good shape. Stocks are at a record high, but demand is brisk and prices lately have been firm.

Glutted markets for cars have developed in some cities, notably New York and Dallas. In most cities, however, stocks seem to be manageable.

The clean-up problem this year will be more difficult than it was in 1954, but probably less so than in 1953. Late in 1954, dealer stocks were small and a business recovery lifted demand. Late in 1953, on the other hand, stocks were large and demand was hit by a developing business recession.



Source: Federal Reserve Board
© 1955, By U.S. News Pub. Corp.

Demand for 1955 cars is being spurred by many influences.

New models for 1956, with few exceptions, are to be "face-lifted jobs." Salesmen are telling customers that 1955 models, now offered at bargain prices, will still be in style next year.

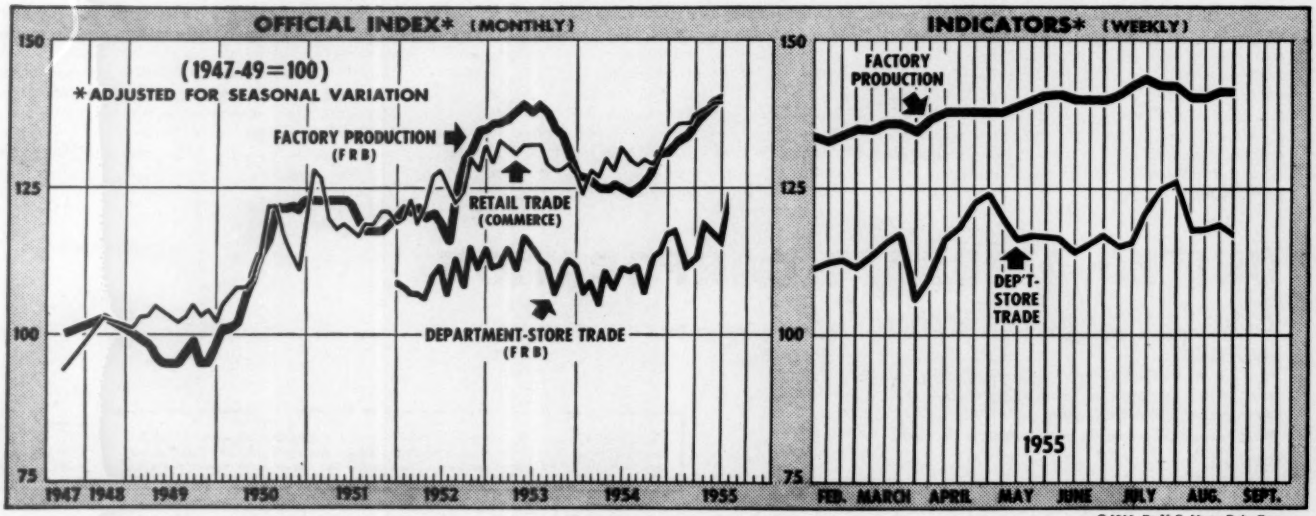
Manufacturers' costs, some dealers hold, have risen to a point that threatens to bring higher price tags on 1956 models. Prices of steel, copper, nickel and rubber have risen. Wage settlements by auto companies this year were large. Should there be a drop in auto production next year, overhead cost per car will go up.

Personal incomes before taxes, now at a rate of more than 300 billions per year, have climbed 15 billions in the last year and are still rising.

Credit terms for auto buyers remain easy. The average installment note on new-car sales, as the top chart shows, had increased to $2,226 in June, up $304 in the last year, $416 in the last two years. Down payments are smaller now, leaving more of the purchase cost to be met with credit. Loan maturities are longer, building up the note by adding interest and insurance costs. The public demands power equipment and other features that add to the price of the car.

Installment credit was extended in July at a rate of 37.5 billions per year, 27 per cent above July, 1954.

Forces at work this year to lift auto sales and output will not be present to the same degree in 1956. Demand will not be spurred by drastic model changes or a rapid easing of credit terms, as it was this year. Vitality of the auto industry will get a new test in 1956, after this year's clean-up has been completed.



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Investors **GROUP CANADIAN FUND LTD.** A Canadian open-end management type *mutual fund* with objectives of participating in the development of the resources of Canada through *diversified investments* principally in common stocks of Canadian enterprises, and obtaining for its shareholders certain *tax advantages* under Canadian Law.

★

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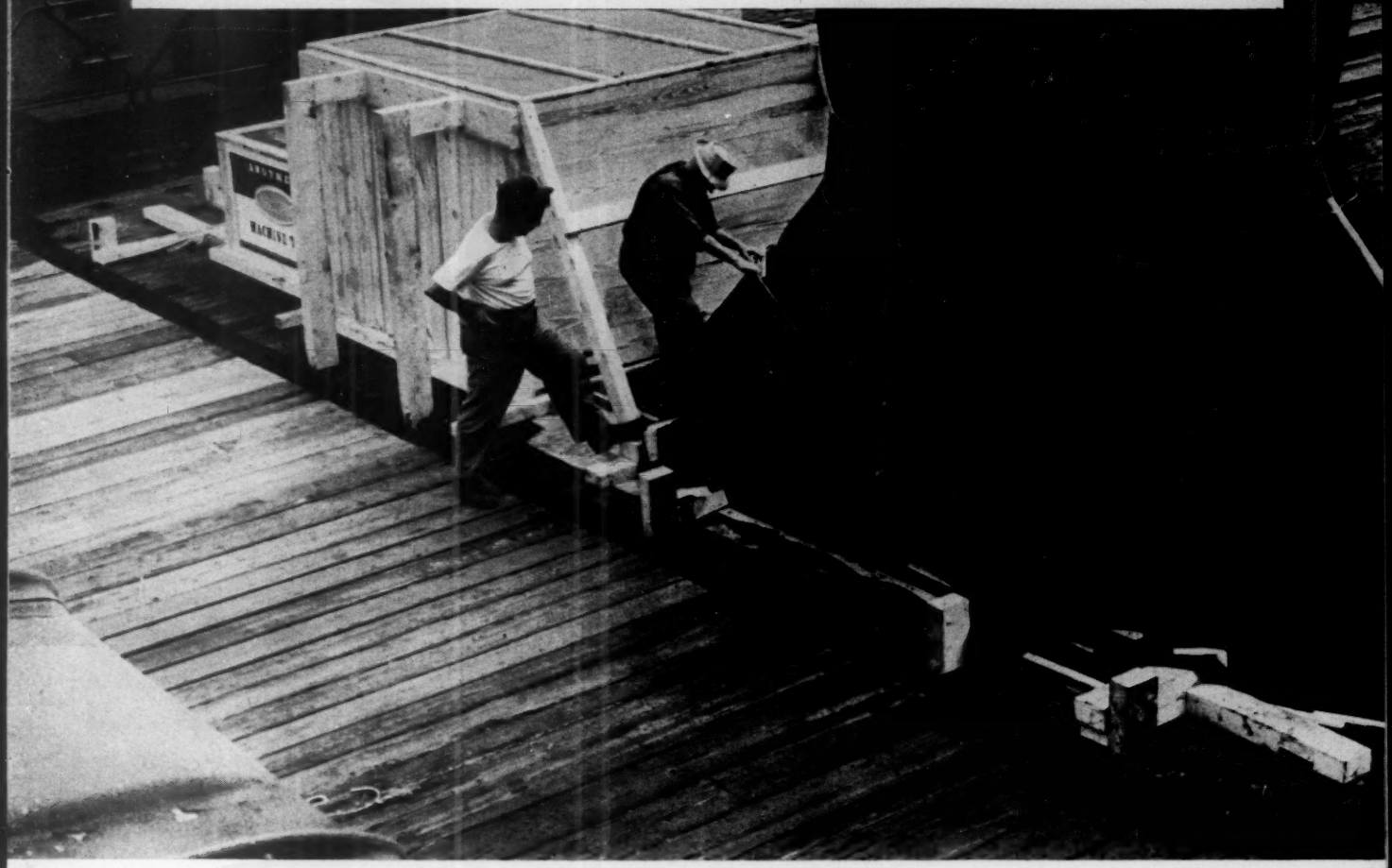
INVESTORS DIVERSIFIED SERVICES, INC., DEPT. 871, INVESTORS BUILDING, 8th & Marquette, Minneapolis 2, Minn.

There goes another carload of red ink



The salesman bought a new convertible with his commission. The front office rejoiced. But the company lost money.

What was wrong? Factory overhead.

This company has a plant-wide burden rate. All costs are based on it. In some departments, actual overhead is *less* than the standard rate; profits are high. In others – notably those which turned out the monster shown above – actual overhead *exceeds* the standard rate. Prices don't cover it. Profits are seldom if ever.

How different with Keysort punched-card accounting! With Keysort, the plant manager can pinpoint burden charges by department . . . and prices can be set to allow for profit in each operation. Because plant operating figures are reported *on time*, unrealistic overhead rates can be quickly spotted.

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Autumn is the season when businessmen make their estimates of the future.

Businessmen this year enter the season with hopes high, prospects bright. As they plan production schedules, they see these influences at work:

People's incomes are rising steadily. That means more money to spend. Retail sales in general are expected to continue to climb.

Business spending for plant and equipment also is in a rising trend.

Foreign trade is flourishing, with every prospect for further gains.

State and local governments are growing customers, too.

By adding these things up, businessmen conclude that the boom will go on.

Another heartening prospect is the outlook for tax cuts. Businessmen expect next year's tax cuts to add further to consumer demand, and they are planning accordingly. You get details of tax prospects on page 27.

Actually, businessmen seem to have every reason for confidence.

The usual summer slump in activity did not amount to much this year.

Steel production held through the summer above 85 per cent of capacity.

Freight-car loadings dipped in July from June, but rose above the June point in August to an average of 774,000 cars a week.

Coal production rose continually from June through August.

Oil production showed a similar rising trend in the summer months.

Electric-power output showed gains month after month.

New claims for unemployment benefits dropped to 168,500 in the week of August 20. That was the smallest number since June, 1953, mainly because of temporary slowdown in auto plants, seasonal layoffs in textiles.

If that's a slump, businessmen are asking, what will recovery bring? Their answer: new highs in activity as the year winds up.

Orders to factories continued to pile up through July.

Unfilled orders for makers of durable goods--autos, appliances and similar items--rose by 1.2 billion dollars in July.

Order backlog at July's end amounted to 47.3 billions for these plants. At the July rate of shipments, that came to almost four months of output.

Shipments, new orders and unfilled orders are all well above a year ago for U.S. manufacturers. Inventories rose in July, but are not much above a year ago. That may be a sign that inventories will continue to rise.

Federal Reserve Board continues to act to restrain the boom a bit.

The banking system, as a whole, is in debt to Federal Reserve Banks. That means that banks themselves are being forced to borrow to meet the demands of their customers for business or personal loans.

(over)

Written for the issue of September 9, 1955, Volume XXXIX—No. 11
U. S. NEWS & WORLD REPORT

Member-bank borrowings from Federal Reserve Banks averaged 740 million dollars during the week ended August 31. Excess reserves for the same week are reported to have averaged 490 millions.

Effect is that "free reserves" have been allowed to dry up. It's the "free reserves," unobligated money, that provide a base for credit expansion.

Federal Reserve officials obviously don't think that credit expansion should be encouraged at this time. Yet it is a season when credit usually is growing as business borrows to build Christmas inventories and move crops. An analysis of the general credit situation is given on page 127.

Growth of installment credit continues without letup.

People added 562 millions to their installment debts during July.

Total amount owed on these purchases was close to 25.5 billions at the end of July, a new record. Debts increased further in August, too.

Gain from a year ago in installment debt totals 3.6 billions.

Most of this growth results from booming automobile sales. Auto debt amounts to more than half of the total volume of outstanding installment debt.

The other side of the debt picture, however, shows that people are now paying what they owe. Debt repayments in July topped 2.5 billion dollars, nearly half of which is represented on payments for past auto purchases.

Dividend payments reflect the strength of this year's business booms.

Dividends paid this year by U.S. corporations are reported by Commerce Department at 5.3 billion dollars. That's 10 per cent higher than the amount distributed to shareholders during the first seven months of 1954.

Gains are reported for nearly all industries, another reflection of the widespread effects of the current level of activity.

Substantial increases are found in payments by chemical companies, the oil-refining industry, most metal-working manufacturers, and firms engaged in mining, finance, communications and gas utilities.

Auto industry, as a whole, has a poorer dividend record than last year. Reason is that some companies had a poor profit experience in 1954.

Outlook is for a record volume of dividend payments this year. Usually, payments in the latter part of the year are larger than in early months.

Flood disaster in the Northeast may have some far-reaching results.

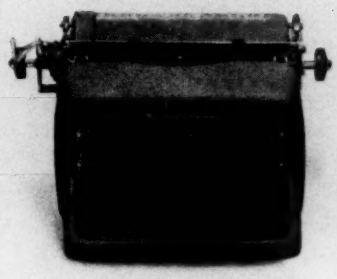
Flood-control projects are almost certain to speed up. Congressmen from New England already are advocating more flood controls for that region.

Flood insurance is another proposal that is taking hold. Private insurance firms generally do not insure against flood damage--too risky.

Government insurance against flood damage is advanced as one solution. Federal Housing Administration is looking into the possibilities.

Suggestions range all the way from outright Government insurance, perhaps patterned after crop insurance, to Government participation with private firms. You can expect this problem to crop up in Congress next year.

Government is going into the business of expanding industry's capacity to make steam turbines and turbine gears for ships. The Office of Defense Mobilization will buy the equipment, install it in plants on a stand-by basis.



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HOW WAGE EARNERS ARE FARING

65 Million Employed, Pay Rates Highest Ever

Jobs are more plentiful than ever before. Wages, too, are climbing. Latest figures show this—

Employment has risen for five straight months. Factory jobs account for much of the increase. No seasonal drop occurred in farm jobs. More wives are working than at peak of World War II.

Unemployment, at 2.5 million, is low, largely short-term.

It now is possible to show, from official reports, just how much the men and women who work for a living are sharing in the business boom:

- Jobs are more plentiful than at any previous time. Nearly 65 million people are employed as civilians, and nearly 3 million others are in the armed forces.
- The average factory worker is drawing more pay for an hour's work than ever before. Hourly pay is 8 cents above a year ago, now averages $1.88.
- Employed women and girls are at an all-time record. They number more than 20 million, fill nearly 31 per cent of the country's jobs.
- Openings for skilled workers continue to be numerous. Engineers, draftsmen, toolmakers are being sought by many companies.
- The number of people unemployed has declined by about 900,000 from a year ago. Even so, nearly 2.5 million people are without jobs and looking for work. The labor force—made up of persons at work and those seeking work—now is above the 70-million mark for the first time in history if the military services are included.
- There are fewer cities with substantial labor surpluses than there were at this time in 1954. The Government now counts 31 such areas, compared with 53 a year ago. These are major labor markets where 6 per cent or more of the workers are unemployed.

Details are filled in by latest official reports of the Census Bureau and the Bureau of Labor Statistics, covering July estimates.

Where gains came. Of the 65 million people at work, about 57.3 million have jobs off farms and about 7.7 million on farms. This represents a gain of about 200,000 in farming and 2.6 million in nonfarming jobs since a year ago.

Employment has been rising for five straight months. June topped previous records when the employment figure rose to 64 million, but in July the figure was a million higher.

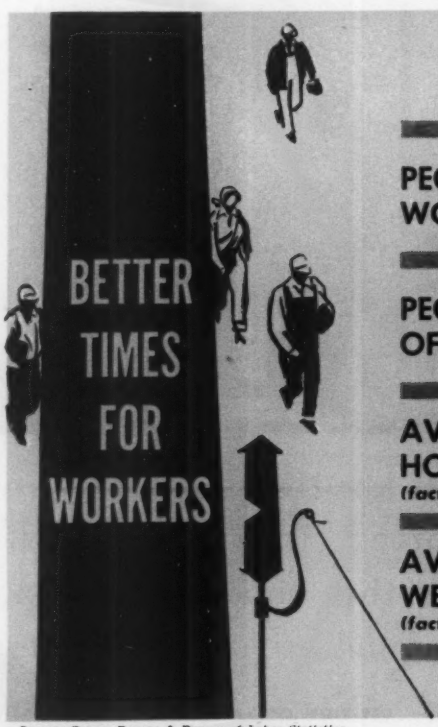
Most of those who joined the work force in July were students seeking jobs for the vacation period. However, officials noted that employment held steady among adults although it usually falls off at this time.

The number at work on nonfarming jobs broke all previous records. Another record was broken when 850,000 young people obtained new jobs in the nonagricultural lines of work during the month. Most of them went into trade and service fields.

Among adults, new job opportunities in trade and elsewhere nearly offset the summer withdrawal of schoolteachers from the labor totals.

In farming, the usual seasonal drop in employment at this time failed to occur. Instead, there was a slight rise.

(Continued on page 100)



	2 Years Ago In 1953 Boom	1 Year Ago In 1954 Recession	NOW In Another Boom
PEOPLE WORKING	63,120,000	62,148,000	64,995,000
PEOPLE OUT OF WORK	1,548,000	3,347,000	2,471,000
AVERAGE HOURLY PAY (factory workers)	$ 1.77	$ 1.80	$ 1.88
AVERAGE WEEKLY PAY (factory workers)	$71.33	$70.92	$75.76

Source: Census Bureau & Bureau of Labor Statistics

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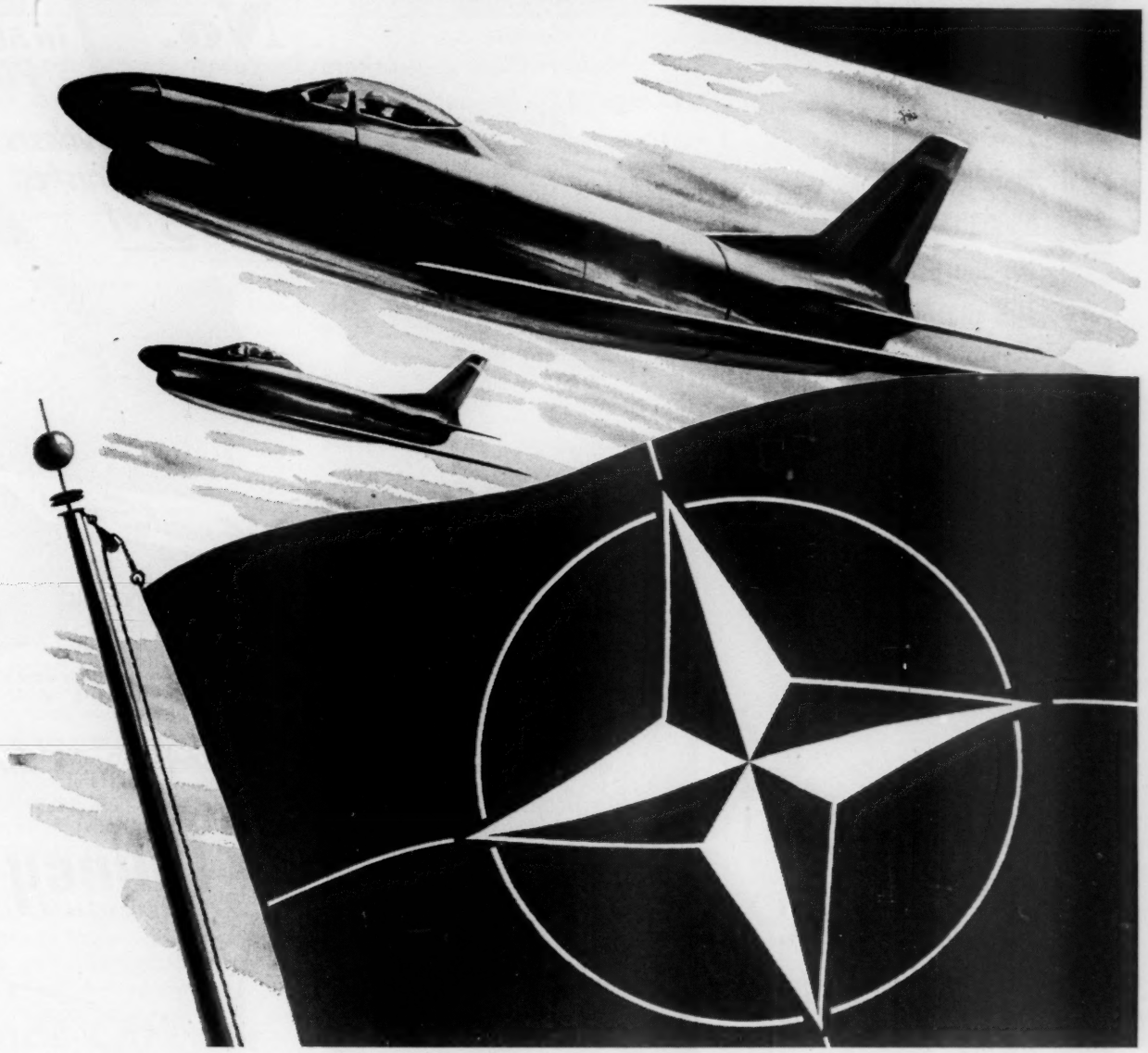
NORTH AMERICAN HAS BUILT MORE AIRPLANES THAN ANY OTHER COMPANY IN THE WORLD



NATO's KO PUNCH

That's the new "K"...F-86K SABRE JET... North American's latest, potent addition to the Free World's air arsenal. The first and only one-man, all-weather interceptor designed specifically for our NATO allies, cannon-armed "K" is an ideal improvement on the world-famous SABRE JET Series.

The new North American designed and built MG-4 fire control system in the "K" tells the pilot in any weather where his target is and when to fire, and is a valuable navigational aid. And, like the F-86 SABRE JET, "K" is over 650 mph fast, is equipped with North American's all-flying tail, proven de-icing system and parabrake.

Now in production both at North American's Los Angeles Plant and at the Fiat Works in Italy, the F-86K SABRE JET is slated for early service...will soon form a miles-high wall against aggression.

The "K" is another example of the kind of research and development that keeps North American foremost in aircraft, rocket engines, guided missiles, electronics and peaceful applications of atomic energy.

Engineers: North American offers unusual opportunities. Write Engineering Personnel Office, Los Angeles or Downey, California; or Columbus, Ohio.

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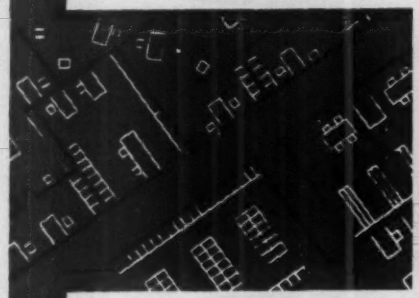

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Member Federal Deposit Insurance Corporation

. . . Manufacturing workers average $75.76 per week

Manufacturing plants accounted for nearly 16.6 million jobs in the nonfarming industries. More than a half million additional workers have been hired in manufacturing during 1955—the largest gain for any January-July period since 1950.

Retail and wholesale trade provided 10.6 million jobs. The usual summer slump did not occur. Employment here set a new record for the month.

Working wives: 12 million. Other records were broken by the women in industry. Not only were there more employed women and teen-age girls than in any previous time—20,240,000 of them—but the number of working wives also was a record.

There were almost 12 million working wives in the labor force, compared with 9.3 million in 1950 and 8.5 million at the peak of World War II.

FACTORY WORKERS
Some jobs still are going begging

For workers in manufacturing, hourly pay has climbed steadily, to the $1.88 average figure. This figure does not include some of the pay raises recently negotiated.

Average weekly pay was $75.76 among production workers in manufacturing. This was 35 cents below the record June figure but $4.84 above a year ago. Weekly earnings dropped from June to July because of a decline, usual for the period, in the factory work week. The average factory worker was on the job for 40.3 hours a week during July.

Skills pay off. Skilled workers are shown to be benefiting more from the

(Continued on page 101)

No. 1 in 50,000 Firms

Because It Outlasts Ordinary Brushes 3 TO 1

27 Speed Sweep styles and sizes to meet every sweeping need. Write for prices today.

MILWAUKEE DUSTLESS BRUSH CO.
530 N. 22nd St., Milwaukee 3, Wis.

Quincy COMPRESSORS

21 Models From 1 to 90 c.f.m.

QUINCY COMPRESSOR CO.
Dept. US-37 QUINCY, ILLINOIS

. . . Long-time unemployed reduced by 250,000

current round of wage increases than production workers. Men and women with special skills are in a better bargaining position because of shortages in many of their fields.

Reports from the State employment offices point up this shortage of specially trained workers. At latest count, these offices were unable to fill 19,836 job vacancies with applicants in their own States, and appeals were sent to other States. A year earlier, there were 14,500 of these jobs unfilled.

Most such vacancies are in professional fields. For example, more than 4,100 jobs were available for engineers. Employers were seeking 1,270 draftsmen.

Numerous openings also were reported for toolmakers, die sinkers, machinists.

Openings for 2,872 workers in clerical and sales jobs also could not be filled in the States where the jobs were available. Most of these openings were for stenographers and typists.

Although jobs were going begging in some areas, there were other communities where the 2.5-million persons out of work were having trouble getting located. But the 2.5 million figure was about 200,000 below the June total.

Officials cited what they called another encouraging aspect of the employment picture: Layoff periods were not as long as they were a year ago. Then, the unemployed who had been out of work for 15 weeks or longer totaled 850,000. This group now numbers only 600,000.

"Hands Off" for Union Employer

A labor union can be an employer, just like any other organization that hires workers, but it does not have to live up to the rules of the Taft-Hartley Act that apply to employers in the business world.

That is what the National Labor Relations Board decided recently, by a vote of 3 to 2. These are the circumstances of the case:

A local of the AFL Teamsters Union in Portland, Oreg., had been charged with unfair labor practices by a group of white-collar workers who were members of the Office Employes Union, AFL. A trial examiner of the Labor Board heard the evidence and ruled that the Teamsters' International Union and its Portland local had committed every type of unfair labor practice listed in the Taft-Hartley Act's section on employer violations.

(Continued on page 102)

How to harvest a bumper crop of sales

There is a proven method for spreading the good news of your product's superiority and gaining a competitive advantage.

This method also enables people to speak favorably and with authority to others, thereby putting the power of the spoken word to work for you on a broad scale.

PRINT can Sell for You

The way to accomplish these objectives is to put your sales story IN PRINT, into handsome, inviting booklets, brochures, broadsides, bulletins, folders, reports, manuals, annuals, catalogs. Such printed pieces can accurately describe, illustrate and document every single selling point, both major and minor. Properly circulated, good printed pieces can sell your product to many prospects, and stimulate friendly talk that will activate many others to select *your* brand rather than your competitor's.

Your Ally — A Good Printer

Once you decide to use selling literature to increase sales volume, call in a good printer without delay. It is important that you consult him *before* detailed plans are made. He can apply his unique skills with 100% effectiveness only if he is permitted to work with you right from the very beginning. In that way you are assured of the finest possible printed pieces in return for your investment.

Your printer will probably specify Warren's Standard Printing Papers for your job. He knows you want superb printing results plus economy — and he knows that Warren papers deliver exactly that. *S. D. Warren Company, 89 Broad Street, Boston 1, Massachusetts.*

BETTER PAPER — BETTER PRINTING

Warren's STANDARD *Printing Papers*

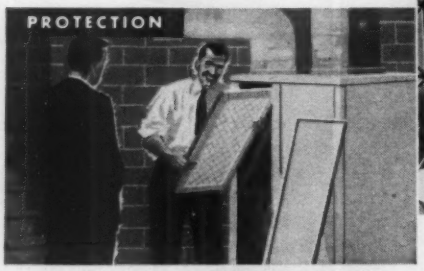
How papers by Mosinee make products safer, more efficient

From cooling rooms to heating homes or guarding electrical apparatus — Mosinee specially developed papers help do the job better

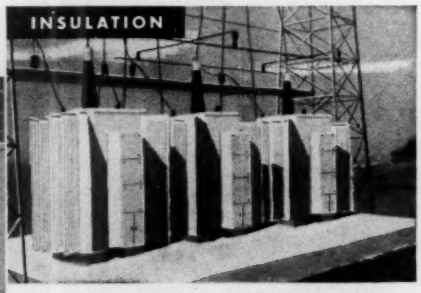
IN these and hundreds of other cases involving insulation, fabrication, lamination, processing or packaging — Mosinee papers play an important part in getting optimum results with minimum trouble and expense.

It will pay you to find out how Mosinee experts cooperate with industry to develop specialized papers. Current applications of Mosinee papers will suggest immediate ways in which you can make substantial savings in time and money. Write today for complete information.

Evaporative cooler pads for room coolers are made from Mosinee controlled paper. A high rate of moisture absorption with wet strength are two of the critical properties of this highly specialized paper. In addition, this paper must be adapted to easy slitting and expanding in the conversion operation for pad construction. Here's typical Mosinee precision control at work.



Mosinee flame-resistant papers increase safety factor of filters employed in warm air heating systems. The process of making these papers flame-resistant was developed by Mosinee technicians. This process, applicable to many types of paper, may help you solve a product or processing problem.



Special analysis Mosinee papers improve performance of electrical components. These electrical insulation papers must be closely controlled to provide a low ash and chloride content. They are used extensively as layer insulation between turns of field coils and in transformers — from the smallest to one of world's largest. Ask about Mosinee papers for your electrical requirements.

MOSINEE PAPER MILLS COMPANY
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Mosinee

Specialists in industrial paper technology — makes fibers work for industry.

. . . 2 Labor Board members attack majority's decision

When the case was appealed to the Labor Board members, a majority of the five-man board voted to dismiss the case on the ground that the Board should not take cases in which unions, as employers, are accused of unfair labor practices in connection with their ordinary union activities. The way was left open for charges to be filed if the union engaged in commercial activities.

How they voted. Two Board members, Chairman Guy Farmer and member Ivar H. Peterson, voted for dismissal on a long-standing NLRB rule against taking disputes involving nonprofit organizations. The case was one of the last decisions in which Mr. Farmer participated before retiring from the Board last week.

Third member of the majority was member Abe Murdock, who argued that Congress did not intend to have the Board handle cases involving a union and its employes.

A dissenting opinion by members Philip Ray Rodgers and Boyd Leedom stated that the majority decision "achieves a paradoxical and unwarranted result in permitting labor unions to deny to their own employes the very rights and privileges which unions have so vigorously advocated and won for the employes of others."

The dissenters added: "Labor unions are now free to flout the very statutory provisions which they ardently championed, and which have been hailed as the Magna Charta of labor."

The case developed out of a dispute between officials of the Teamsters' branch in Portland and the Office Employes Union. The latter union found, in 1953, that it could not get a renewal of its contract covering the Teamster employes. Officials of the Teamsters Union were accused of trying to get their employes to transfer to a local union of the Teamsters.

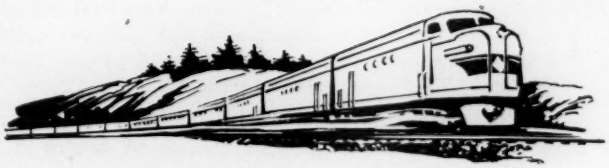
The NLRB trial examiner also found that the Teamsters had fired three employes and a supervisor before they testified at an NLRB hearing. Teamsters were accused of firing an employe because she refused to cross a picket line set up by the Office Employes Union outside the Teamster building.

Another charge was that the Teamsters tried to influence the testimony of a witness at an NLRB hearing. The examiner also charged that the welfare fund of the Teamsters had refused to bargain with the office union although the union represented a majority of the employes in the office.

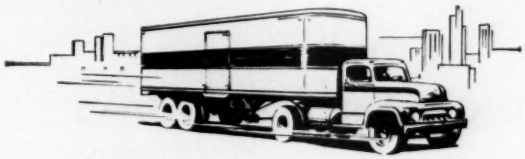
These charges were not ruled on by the Board.

Regulated Competition Has Produced

THE FINEST TRANSPORTATION SYSTEM IN THE WORLD!

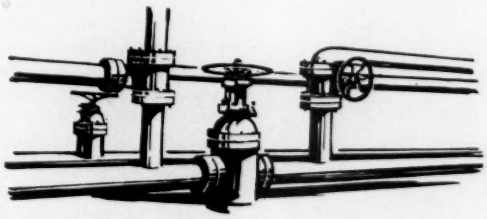


Railroads Are Currently Enjoying The Greatest Prosperity In Their History Despite Inroads By Passenger Cars, Buses And Planes On Their Passenger Traffic.



Motor Transport Has Expanded Its Service To Agriculture, Commerce, Industry And Consumers Steadily Year After Year.

Business On The Waterways Is Booming. In The Past 10 Years, Waterways Have Increased Their Share Of The Nation's Total Freight Load.



Pipelines Have Been Increasing Their Facilities As A Result Of A Steady Growth In Patronage Over The Years. They Are Enjoying Good Business.

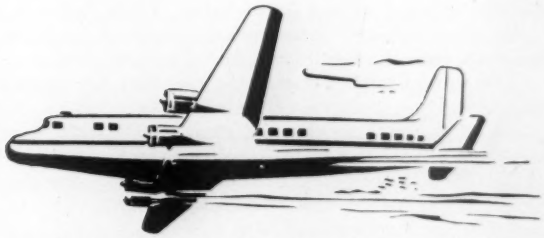
Healthful, vigorous competition in the traditional American manner — subject to certain wise restraints imposed by Congress to foster services and curb abuses — has produced, for the benefit of *all* our people, the finest transportation system in the world.

This system has developed to its present peak not *despite* regulation but largely *because* of it.

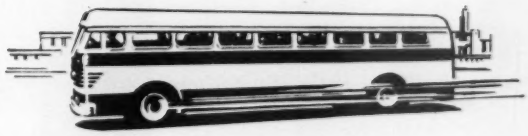
This regulation is not obsolete, archaic regulation developed for a bygone monopolistic era. Year after year the Congress has brought it up to date — kept it dynamic — to meet changing competitive conditions in transportation.

Proof? Since its original enactment, this regulation has undergone more than 150 Congressional alterations and 2 *complete overhauls.*

So, you see — present regulation of our transportation agencies is of the most pertinent up-to-date kind, keyed to present-day conditions and dedicated to serve the best interests of shippers and *you* alike!



Air Carriers Are Flying More Passengers And More Freight Than In Any Previous Year And The Future Continues To Look Most Promising.



Despite Widespread Use Of Passenger Cars, Buses Are A Dominant Form Of Personal Transportation, Offering Essential Service To Millions Of People Annually.

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If You've Got It . . . A Truck Brought It!

U. S. Informs Russia—

ARMS-INSPECTION PLAN COULD START AT ONCE

How far is the U. S. willing to go in exchanging defense secrets with Russia?

Details of President Eisenhower's plan are on record now. The plan provides:

- **Aerial inspection on both sides of the Iron Curtain. Inspection is given priority over arms controls as a first step.**
- **Full exchange of information on military bases, plants, land-sea-air forces to make a surprise attack impossible.**

The U. S. program is given here as put before the United Nations by Ambassador Henry Cabot Lodge, Jr., and the President's disarmament adviser, Harold E. Stassen.

"WORLD WANTS A BEGINNING," MR. LODGE SAYS

Following is full text of an address by Henry Cabot Lodge, Jr., U. S. Representative to the United Nations, before the U. N. Subcommittee on Disarmament at United Nations, N. Y., Aug. 29, 1955:

The United States welcomes you cordially to our country for the opening of this 51st session of our Subcommittee.

We also welcome you to share in a great opportunity—the greatest which has yet confronted the Subcommittee.

This opportunity is due to the fact that this meeting is the first since the conference in Geneva last month of the four heads of government—France, the U.S.S.R., the United Kingdom and the United States. This was the first time in 10 years that such a meeting had taken place. The first test of the practical value of this Geneva meeting—as the President said in Denver today—is here in the Subcommittee on the issue of finding a solution to the disarmament problem. It is hard to imagine anything more important.

At Geneva, President Eisenhower said this, and I quote:

"I propose that we take a practical step, that we begin an arrangement, very quickly, as between ourselves—immediately. These steps should include:

"To give to each other a complete blueprint of our military establishments, from beginning to end, from one end of our countries to the other; lay out the establishments and provide the blueprints to each other.

"Next, to provide within our countries facilities for aerial photography to the other country—we to provide you the facilities within our country, ample facilities for aerial reconnaissance, where you can make all the pictures you choose and take them to your own country to study, you to provide exactly the same facilities for us and we to make these examinations, and by this step to convince the world that we are providing as between ourselves against the possibility of great surprise attack, thus lessening danger and relaxing tension. Likewise we will make more easily attainable a comprehensive and effective system of inspection and disarmament, because what I propose, I assure you, would be but a beginning."

We believe accordingly that the heart of the disarmament problem is inspection, that no nation—not the United States, not the Soviet Union, nor any other nation—can afford to cut its strength under an international agreement unless and until an inspection system is created which will support every portion of such an agreement and upon which humanity can rely.

—Wide World

FOR THE U. S.: Harold E. Stassen, presidential adviser, and Ambassador Henry Cabot Lodge

President Eisenhower's proposal was made with all the strength and sincerity and hope of the 160 million Americans for whom he spoke. It voiced his belief that fear and suspicion have blocked progress on the inspection problem and that this distrust was not one-sided.

He "searched his heart and mind" for some proposal which would commend itself to both sides and particularly to the two great countries which possess large numbers of nuclear weapons, which in turn give rise to the fears and dangers of surprise and attack.

He believed that if the United States and the Soviet Union,

. . . Lodge: "Opening the way to reduction of armaments"

within the framework of the United Nations, could agree to try out one initial, simple, practical and significant operation of initial inspection, this would be the crucial step toward a comprehensive and world-wide plan for the limitation and reduction of armaments and assurance against a world war.

The heads of government at Geneva instructed their representatives in this Subcommittee to consider the proposals made at Geneva by each of them. I do, therefore, here and now present President Eisenhower's plan to this body with the complete text of the words spoken by him on July 21. This text is being distributed by the secretariat.

The word "blueprint" in the President's plan includes, first, the identification, strength, command structure and disposition of personnel, units and equipment of all major land, sea and air forces, including organized reserve and para-military; second, a complete list of military plants, facilities and installations with their locations.

No nation, of course, could furnish such information without assurances of complete reciprocity and of simultaneous delivery of similar types of information. There must be effective means for verifying the reports of the participating states by air, ground and sea observation.

In implementation of the aerial photography in the President's plan, each country would permit unrestricted but monitored aerial reconnaissance by the other country.

In order to provide fully against major surprise assault, the United States believes that the plan should provide particularly for safeguards against attack by long-range striking forces of both countries through observation and inspection of these forces and their support, and through measures to detect preparation for such an attack.

The United States believes further that the exchange of information under the President's plan should proceed in progressive stages from the least sensitive aspects to the more sensitive, covering those items most likely to provide against the possibility of surprise.

Further details will be supplied to you concerning the methods by which mutual aerial reconnaissance would be conducted. Among other things, each inspecting country would utilize its own aircraft and related equipment, including visual, photographic and electronic means of observation. Personnel of the country being inspected would be aboard each reconnaissance aircraft during all overflights.

The United States contemplates that the lists of military installations which are exchanged would include the designation of one or more airfields or bases which would be made available for the support of reconnaissance aircraft and crews.

There would be provision for adequate communication facilities, as required for rapid and direct reports by observers to their home governments.

Each government would arrange to designate ports of entry and egress for observers and aircraft; to clear observers, aircraft and crews to and from home territory, and to check and identify personnel and equipment engaged in these operations.

Each country being inspected would be responsible for air-traffic control of inspecting aircraft.

The United States is prepared to submit a paper setting forth in more detail the manner in which all these operations should be carried out. The details, of course, are negotiable. We are prepared to join with other governments in studying all aspects of the plan.

The summary which I have just given is to be considered only in the context of and as an integral part of such a paper.

The plan which I have described obviously involves far-reaching undertakings for the participating states. The American people will, I am sure, gladly accept their share of the burdens of an equitable plan which will in all truth add greatly to world security and which will brighten the prospects of a durable and just peace by limiting the dangers of surprise attack, thus opening the way to a general agreement on the regulation and reduction of armaments.

The world anticipates that before this body adjourns it will make an early beginning on this important plan—and that all of us here will show our intention to contribute to its execution and extension of it to our own establishments and territories on a reciprocal and appropriate basis.

We in the United States are prepared to put the plan immediately into effect as between ourselves and the Soviet Union.

We shall propose that the Disarmament Commission and the General Assembly record their support of this plan in simple, unmistakable language, and that the report which the Commission makes shall be equally clear to the peoples of the world who have the great stake in the vital issues of peace and war.

We shall also be prepared to present further measures by which the United States believes mankind's yearnings for a lessening of the tensions which flow in part from huge, growing armaments can be achieved.

For these deliberations, the President of the United States appointed a distinguished American, Mr. Harold E. Stassen, as Deputy United States Representative. I welcome him here in his official capacity, as a fellow member of the Cabinet and as a friend of many years.

Mr. Chairman, this session of the Subcommittee affords an unprecedented opportunity for service to the peoples of our countries and to the other nations of the world. If we all make the most of the opportunity which we confront here today, these Subcommittee meetings will stand in history as a major milestone in humanity's advance.

MR. STASSEN EXPLAINS HOW TO BLOCK SNEAK ATTACK

Following is text of the main points of the U. S. program to prevent surprise attack—submitted to the U. N. Subcommittee on Disarmament on August 30 by Harold E. Stassen, Deputy U. S. Representative—as released by the U. S. Mission to the United Nations:

The term "blueprint of military establishments" is defined as consisting of the identification, strength, command structure and disposition of personnel, units and equipment of all major land, sea and air forces, including organized reserves and para-military; and a complete list of military plants, facilities and installations with their locations.

Each nation has recognized the need for ground observers and these will be stationed at key locations within the other country for the purpose of allowing them to certify the accuracy of the foregoing information and to give warning of evidence of surprise attack or of mobilization.

Each country shall permit unrestricted, but monitored,

. . . Stassen: "Immediate spot-checking will be included"

aerial reconnaissance by visual, photographic and electronic means by the other country.

CONCEPT

The United States and the U.S.S.R. will exchange all data relative to military forces and installations which, coupled with measures for verification and surveillance, are essential to provide against the possibility of surprise attack. This exchange is to be accomplished in progressive steps as mutually agreed upon by the two Governments. Among the elements of information considered essential to preclude surprise attack and to be sought by an exchange between the Governments and to be verified and maintained under surveillance are:

Weapons and delivery systems suitable for surprise attack;

Transportation and telecommunications;

Armed forces, structure and positioning of armed forces;

Additional facilities as mutually agreed upon by the two Governments.

INITIAL PROCEDURE

Exchange of "blueprints" of military establishments. The Governments of the United States and the U.S.S.R. will each prepare lists of major military forces and establishments, showing the deployment of forces and the locations of installations and facilities by geographical coordinates.

Schedules will be drawn for time-phasing of exchanges to assure simultaneous delivery of similar types of information by each Government, and completion of verification by each side before progressing to a subsequent phase. Provision for immediate spot-checking will be included.

Verification of "blueprints" of military establishments. Arrangements will be made for the posting of on-the-spot observers with operating land, sea and air forces, at their supporting installations, and at key locations as necessary for the verification, continued observation, and reporting of each category of information. The number and location of the observers will be as mutually agreed upon prior to the exchange of information, and provisions will be made for changes in the location should the initial arrangements prove to be inadequate.

Aerial reconnaissance will be conducted by each inspecting country on an unrestricted, but monitored, basis to augment the efforts of the posted observers. Each inspecting country will utilize its own aircraft and related equipment. Liaison personnel of the country being inspected will be aboard each reconnaissance aircraft during all overflights.

Facilities and services to be provided. Each sublist of military installations will include the designation of one or more airfields or bases at which facilities will be made available for support of the aerial reconnaissance aircraft and crews.

Checks and controls. Procedures will be established for:

Designation of ports of entry and egress for incoming and departing observers and reconnaissance aircraft;

Clearance of incoming and departing observers, aircraft and crews and arrangements for monitored passage to and from home territory;

Check and identification of observers and reconnaissance aircraft, personnel and equipment engaged in this activity;

Orientation of observers and reconnaissance personnel;

Air-traffic control of inspecting aircraft by host Government.

—Wide World

PARTICIPATING IN DISARMAMENT TALKS: (L to R) Paul Martin of Canada; Jules Moch of France; Dr. Dragoslav Protitch, Under Secretary of the U. N. Subcommittee on Disarmament; Arkady A. Sobolev of Russia; Anthony Nutting of Great Britain and Henry Cabot Lodge, Jr. of the U. S.

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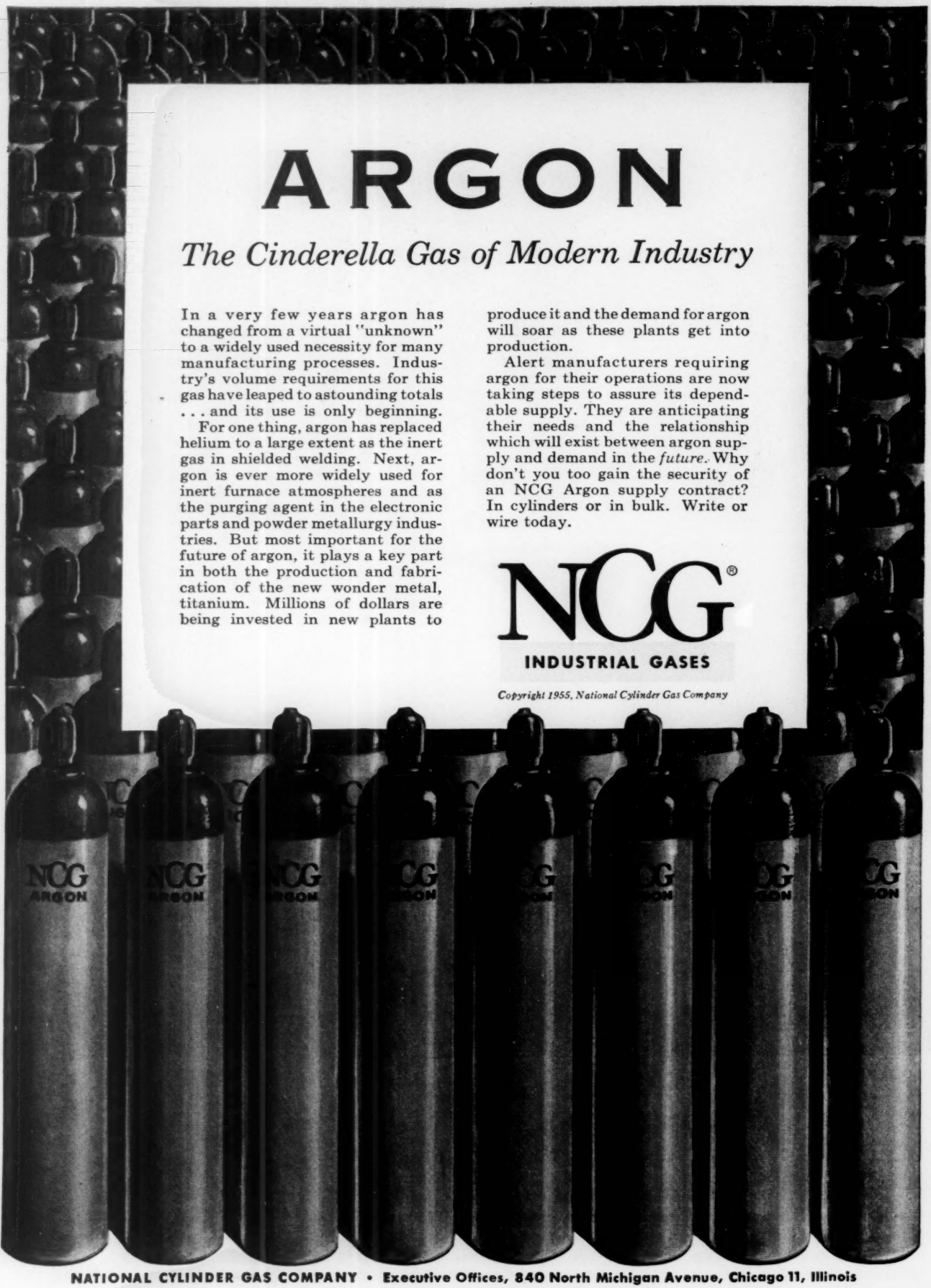
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Vice President Nixon Tells—

WHY U.S. DOES NOT RECOGNIZE RED CHINA

What's behind U. S. moves to block Red China from a U. N. seat? Why does America still spurn "normal" dealings with Peiping?

Vice President Nixon here explains the Administration's current stand on both counts. The Peiping regime, he says, "disqualifies itself from being treated as a respected, law-abiding member of the family of nations," and he tells why.

Mr. Nixon also tells just how Communist China can change that situation and start to qualify itself for recognition.

Following are extracts from a speech by Vice President Richard M. Nixon to the Veterans of Foreign Wars at Boston on Aug. 29, 1955:

There has been some criticism of our policy toward Communist China. There are those who ask, why do we refuse to recognize Communist China and oppose its admission to the United Nations?

The answer is that we do not recognize the Communist Government of China as a respected member in good standing of the family of nations.

Does this Government qualify for such recognition?

The United Nations Charter says, "Membership in this organization is open to all peace-loving states who accept the obligations imposed by the Charter." Let us measure the conduct of the Chinese Communist Government against this standard.

Thousands of American boys are dead because the Communist Chinese supported the attack on South Korea.

Korea is divided today because the Communist Chinese refuse to agree to free elections.

Thousands of Chinese Communist troops remain in North Korea in direct defiance of the United Nations.

The Communist Chinese are bringing equipment into North Korea in direct violation of the truce.

They refuse to release citizens of the United States whom they hold in violation of all recognized rules of international law and decency.

They encourage, incite and support insurrection, rebellion and subversion in every free country of Asia, and particularly in Indonesia, Laos, Cambodia, Vietnam, Thailand and Malaya.

They have not renounced their previous threat to take Formosa by force.

Any government which continues to engage in activities of this type disqualifies itself from being treated as a respected, law-abiding member of the family of nations.

In the light of such conduct, the Government of the United States is justified in refusing to recognize the Government of Communist China, approve its admission to the United Nations, or agree at this time to a meeting at the foreign-minister level.

What can they do? They can start by:

Releasing the Americans they illegally hold . . .

Take their troops and equipment out of North Korea and agree to free U.N.-supervised elections and unification of that country.

Renounce the use of force in the Formosa area.

Discontinue the undeclared war they are waging against established free governments through the operations of their Peking-controlled and directed organizations for infiltration, subversion, sabotage and insurrection.

Let me make my position absolutely clear. The Government of the United States, and I believe our people also, are willing to go halfway in agreeing to any action which would remove points of difference between nations and contribute to the cause of peace. But we know that a peace based on injustice, on surrender of the rights of sovereign nations, or on acquiescence in the enslavement of peoples, is not only morally wrong; history shows that such a peace carries within itself the seeds of future war.

The Chinese people, the Russian people and the American people can and should be friends. We are confident that if the governments of the Soviet Union and Communist China reflect the will and true spirit of their people the barriers to friendship and peace which have been erected by those governments will be removed.

• • •

What should our policy be in the light of the international developments during the past year? Our course is clear. We must:

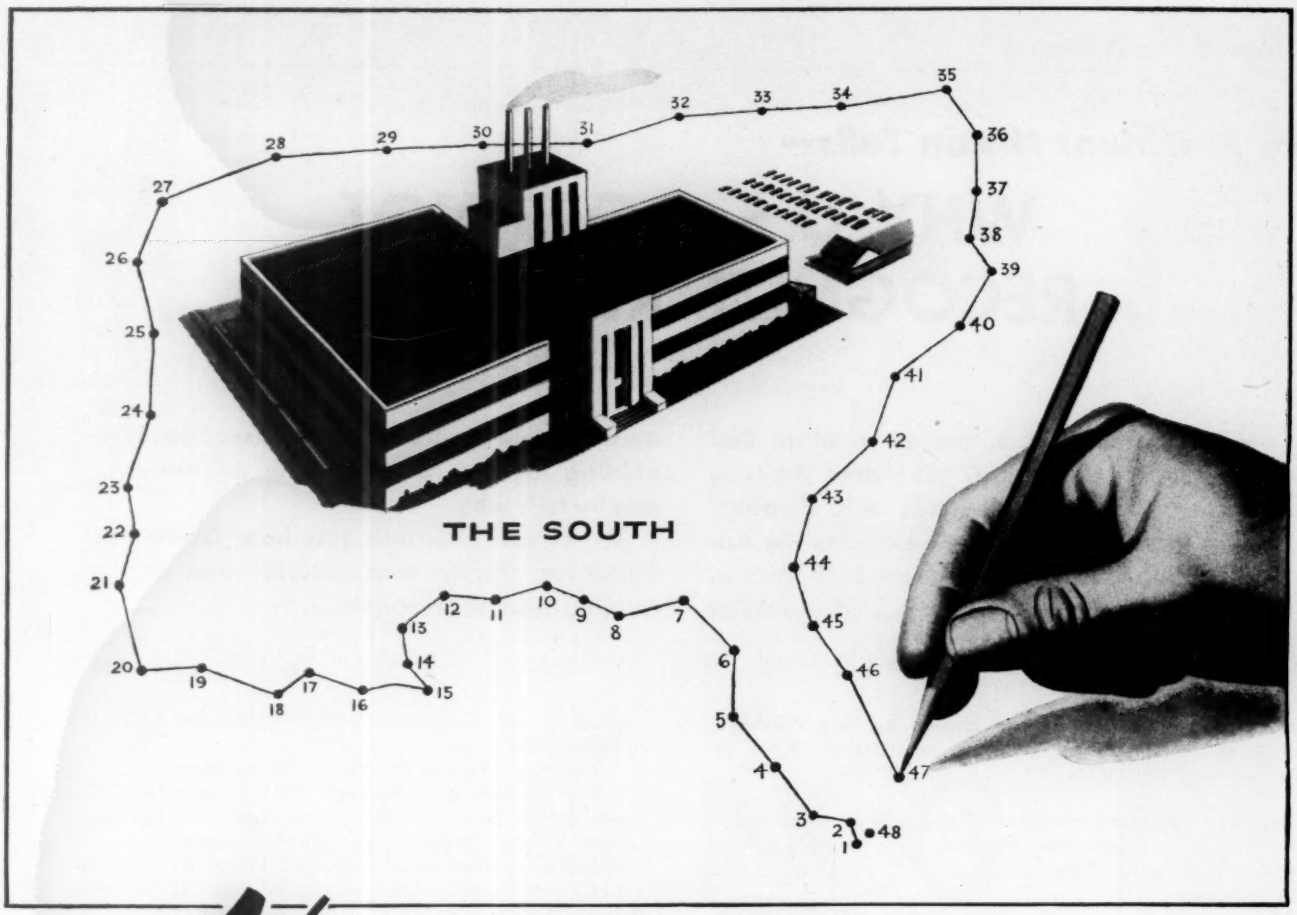
Maintain our military strength and assist our allies to maintain theirs.

Until the "cold war" thaws out, we must certainly not make the mistake of letting our strength thaw out.

One of the major reasons for the change in Soviet tactics was the strength the free world had developed. Our policies of strength and firmness were working. Now is the time to continue them, not to change them.

On Friday, Secretary Humphrey spoke of the very hopeful prospects for balancing our federal budget during the next year. This is good news, but I wish to emphasize a point he made in his announcement.

The fact that we are making progress towards balancing our budget should under no circumstances be interpreted as meaning that we are doing so at the expense of weakening our national defense. Much as we may want a balanced budget and a tax cut, we will never let our defense establishment suffer for lack of adequate funds during this critical period.



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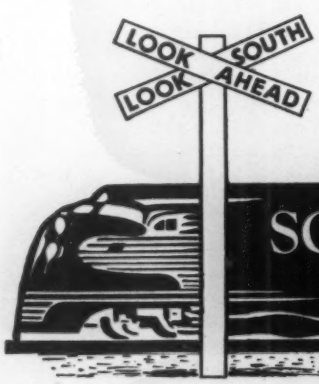
Harry A. DeButts
President



SOUTHERN RAILWAY SYSTEM

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There are real advantages in autumn vacations, and, even if you just now start laying plans, you'll run into few troubles, travel experts tell us.

OFF-SEASON VACATIONS. Big thing is that autumn vacations sandwich between the usual winter and summer seasonal peaks, so you get cheapest off-season rates. At Miami Beach, for example, summer prices are around 50 per cent lower than winter highs, but in autumn they are down as much as 75 per cent.

Not so many people travel at this time of year, you don't have to buck crowds, reservations aren't so vital. Weather usually is good, too. And autumn brings colorful things, such as tobacco auctions, you can see at no other season.

WHAT TO EXPECT. Here's a thumbnail look at the autumn vacation situation in various parts of the country:

South Florida--Rates drop in September, start up December 15. More hotels staying open; also night clubs, though shows are not up to winter's best.

Georgia--Cheaper in Sea Island area; prices advance later.

Virginia-Carolinas--Beach resorts drop prices around Labor Day; many close by November 1. Colonial Williamsburg boosts rates after September 1.

Poconos--Not much price change. Only a few resorts hit by recent floods.

New Jersey--Beaches cheaper, and some swim days still left, in September.

New England--Autumn-foliage attraction tends to prop between-seasons rates.

Ozarks--Reductions start mid-September; some places close November 1.

Wisconsin--Rates off 10 per cent now in "muskie" country. Closing: October.

Arizona--Some dude ranches open, at preseason prices. Increase, November.

California--Palm Springs 50 per cent cheaper to October 1. Many areas get year-around play, therefore little price change; but space situation easier now.

Nevada--In Las Vegas, week-end space still at a premium.

STOCK OPTIONS. If you inherit and exercise an option to buy stock, and later sell the stock, you can't give the option a value and add it to the cost of the stock in figuring the tax on your gain. If, though, you sell such an option, instead of exercising it, then it does have a value that is deductible in determining your tax. The Tax Court rules that in the latter situation the option becomes property, and so has value.

RESERVES. The Defense Department says it is going to delay for a while putting into effect an optional part of the new Reserve program. That provision

(over)

would allow some draftees and enlistees to cut short their regular military training by transferring into active Reserve units. Thus, after at least a year on active duty, they could return to civilian life--provided they attended summer camps and once-a-week Reserve drills for the remainder of a four-year military obligation. The Pentagon says inaugurating this part of the program now would not be in the best interests of the armed forces, and that no branch of the service will offer such early release at the present time.

HOME MORTGAGES. A step the Federal Housing Administration takes to aid flood-disaster victims calls attention to a little-known provision of the law, which can be of benefit to you in a personal emergency.

Ordinarily, where a borrower has defaulted on an FHA-insured home mortgage or Title I improvement loan, lending agencies must file claim within a year to get Government reimbursement. Now FHA gives lenders a blanket O.K. to let flood-stricken borrowers suspend payments for more than a year without any forfeit of the lender's right to make default claims.

What few people know is that this same extension can be granted by FHA in cases of individual hardships--when the home buyer can't meet mortgage payments because of a prolonged illness, for example. The lender, though, has to ask FHA for authorization in each individual case.

OLD-AGE PENSIONS. Repeated questions we get from readers show a need to clear up this point:

The limitation on how much you can earn and still draw Social Security benefit checks goes off with your 72d birthday. But there's no suspension of the Social Security tax on your earnings from a job covered by the program. You must pay that as long as you continue working.

WEED KILLERS. You'll find the weeks ahead generally the best time to tackle weeds with chemicals, Department of Agriculture experts advise. Among their research findings: Though effective in the spring, 2,4-D does better against broad-leaved weeds in autumn. Potassium cyanate and PMA work equally as well against crabgrass at summer's end. Sodium arsenite, PCP and NIX are chemicals that can be used to keep weeds from growing under high-branching shrubs without harming roots. Arsenicals, boron compounds and CMU will sterilize the soil between flagstones, along walks, wherever no growth is wanted.

PROTECTING CHILDREN. Now that schools are reopening around the country, parents may find some pointers from recommendations to school authorities by the National Education Association. They are aimed at preventing tragedies that have occurred when unauthorized persons with seemingly valid requests got custody of school youngsters. Among NEA suggestions: Ask the school to call you for confirmation should someone come to pick up your child during classroom hours. Instruct your child not to leave school with a caller he doesn't know. Send notes in advance on release from school for medical appointments.

HOME LAUNDERING. Points to check in choosing a washing machine and getting the most out of it are covered in a new Agricultural Research Service leaflet. Title: "Washing Machines, Selection and Use." Single copies, free, from the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

ELECTRONICS in the SYSTEMS AGE

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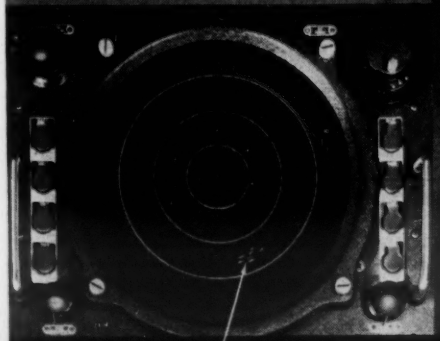
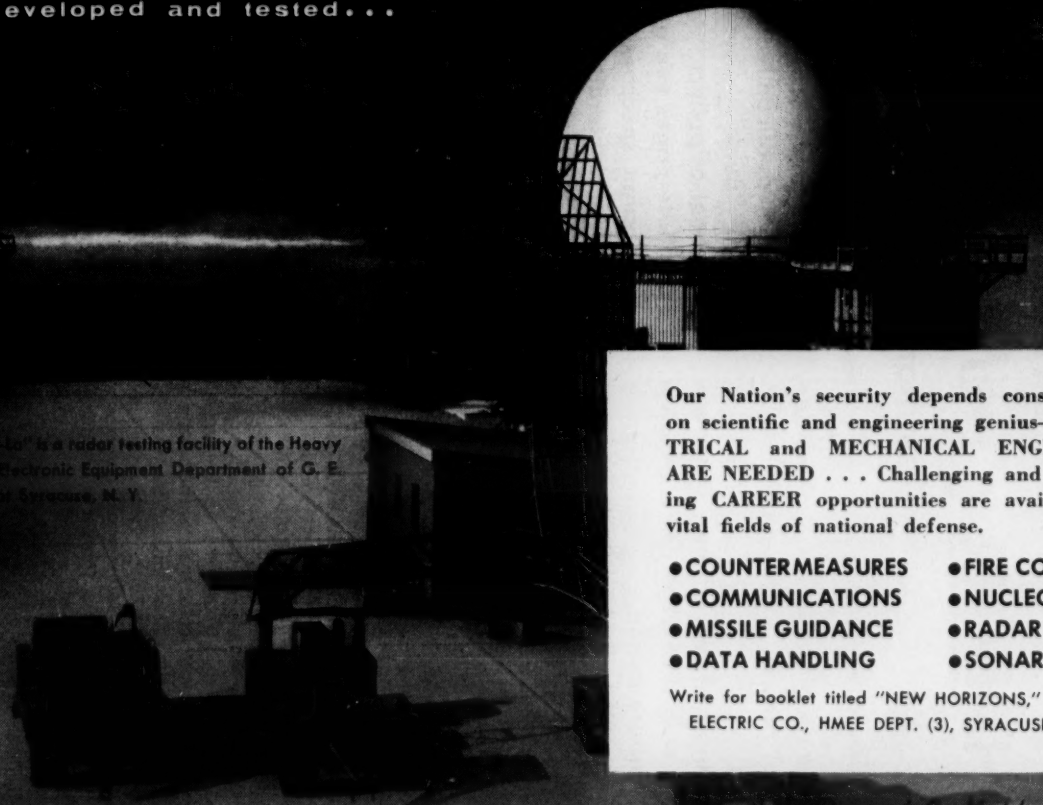
DETECTING THE AGGRESSOR WITH HIGH POWERED SIGNALS

AND PROPERLY USING THE DATA



TARGETS

"Shangri-La" is a radar testing facility of the Heavy Military Electronic Equipment Department of G. E. located at Syracuse, N. Y.



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The '56 Campaign Is On:

TRUMAN ATTACKS IKE, CHARGES "DEMAGOGUERY"

Republican Chairman Answers: "Smear"

It looks like a rough-and-tumble campaign in 1956, if trial runs by both parties are an accurate tip-off.

Harry Truman opens up on the Eisenhower Administration with such terms as "demagoguery . . . misrepresentation . . . special-privilege fellows . . . controlled by big business."

The fighting words bring this fighting reply from Republican National Chairman Leonard Hall: "Bunk . . . smears . . . the Pendergast school of politics."

On these pages you get the full text of two precampaign speeches by Mr. Truman, and Mr. Hall's counterattack for the Republicans.

TRUMAN SAYS IKE "NEVER MISSED CHANCE TO BEFUDDLE ISSUES"

Following is full text of former President Truman's speech to the Indiana Democratic Editorial Association at French Lick, Ind., on Aug. 27, 1955:

When Paul Butler [Democratic National Chairman] asked me to come to the diamond-jubilee meeting of the Indiana Democratic Editorial Association, I was glad to accept.

It is well-nigh a miracle to find a group of editors that has for so long supported the principles of government advocated by the Democratic Party. And I cannot think of any group that I would rather meet than you Democratic editors, and I am happy to be with you.

Our country has prospered to the point where we enjoy many blessings and many possessions. Our people own more homes, more cars, more televisions and more conveniences than any nation in the history of the world ever dreamed possible. But in the process of our vast economic expansion we have failed to remedy one of our serious shortages—the shortage of Democratic newspapers. I hope that some day soon this shortage will be overcome.

I am sure you realize that when I say Democratic newspapers, I don't mean violent, partisan, distorted newspapers, like so much of the Republican press. Democrats don't want that kind of a press, nor do the American people. What we do want is what is fair—fair to the people. We would like the newspapers to print the news objectively and accurately.

You have only to compare the treatment now being accorded by the vast majority of our newspapers to the Republican Administration with that given to the New Deal and the "Fair Deal," to realize our difficulty with the press.

But we Democrats have learned, and the people have learned, how to communicate and how to learn the true facts despite the handicap of our one-party press. For well over 20 years now our people have been rejecting all attempts by their newspapers to misinform and confuse them. And I hope the time will come when the publishers themselves will realize that they cannot continue to force their private views upon their readers without suffering loss of confidence from those readers.

As you all know, I am somewhat interested in the Democratic Party. Its history is long and glorious. And I believe that the Democratic Party is the best means we have for bringing representative government to this country. I have always thought so, and the last three years have made me more certain of it than ever.

When the Republican Congress and the Republican Administration took office in 1953, they began tearing down the New Deal and the "Fair Deal" wherever they dared and as fast as they dared. They obtained control of the National Government by misrepresentation and demagoguery. And, right after the election, the President-elect went so far as to use misrepresentation and demagoguery in his message on the state of the union in January, 1953, and he has never missed a chance to befuddle the real issues in every speech he reads.

Fortunately, a Democratic Congress came into office this year. It has managed to stop this tearing-down process on many fronts, and to make a start at restoration and toward building for the future. But to do it, the Democratic Congress has had to struggle against the Republican Administration day in and day out.

I want to say something more about this Democratic 84th Congress. Back in 1953, the Democratic Party had to make quite an adjustment. For a political party to leave office after it has been in control of the Administration for 20 years involves quite an ordeal. I think that strictly from a party standpoint this change has had some good results. Things have been shaken up, new blood and new leaders have come to the top, and the party is stronger now on a nation-wide, grass-roots basis than it has been for many years. But, while this change has had a stimulating and revitalizing effect on the Democrats, I don't think this period of Democratic exile has been a good thing for the country. However, I hope that in the long run it may be of benefit to the country because of the new strength it gives to our party.

At any rate, we Democrats had to make many adjustments. We had to look at many questions from a new angle. In September, 1953, we had a big Democratic meeting in Chicago—the first national meeting of the party since the 1952 elections. The delegates to the meeting were thinking mostly

. . . Truman: Republicans "try to make 'liberal' an ugly word"

about the congressional elections coming up in 1954. There was some talk that it might be a good political strategy to let the Republicans keep control of the Congress, since they were going to have control of the executive branch for two more years anyway. The theory behind this was that the Republicans should have the full responsibility in all branches and then be held responsible for the results.

It was this same kind of theory that led someone to suggest that I should appoint a Republican Secretary of State in 1946—after we lost control of the Congress—and then resign so he could take over as President. This would have given the country a Republican President as well as a Republican Congress; and people would thus know where to place the responsibility when things went wrong.

Well, I don't believe in that theory. I didn't believe in it in 1946; I didn't believe in it in 1953; I don't believe in it now. I think it is much more important for us to do everything we can to protect the public welfare than it is to be able to fix the blame after things go wrong and the public has been injured.

There are some simple articles of faith to which I hold very strongly. Among them is my belief that the Democratic Party stands for the things that are best for the people of the United States—and that, in almost every case where there is a difference between the Democratic and Republican positions, the Democratic position is best for the country. Because of this, I believe it is our plain duty to elect Democrats in the Congress and the Presidency whenever we can. I expressed this view at Chicago in September, 1953, and I was glad that this view prevailed, and the party went on to win control of the Congress that took office in January of this year.

That Congress has now completed its first session, and what does the record show? I have always said that you cannot fully appraise the record of a Congress until it is over—its second session as well as its first—and that is true. But there are some things about this Democratic Congress that are already in the record, and it is perfectly clear that it is a great deal better than the Republican Congress that preceded it.

Now, that may sound like rather faint praise. But I can say that—under all the circumstances, the Democratic record in this Congress has been a truly remarkable one. They did not do everything the way I, for one, wanted and hoped to see it done. But that's neither here nor there. The point is that what they have done has been done primarily in the public interest.

Record of Congress

Remember, the Democrats have had only a slight majority over the Republicans, especially in the Senate. This means that if any Democrat strays away—and unfortunately there are some Democrats who stray all too often—then the Democratic leaders are in trouble. But in spite of this handicap, our party in Congress has accomplished these things:

1 It has turned back the Republican onslaught on the New Deal and the "Fair Deal," insofar as this could be done by legislation.

2 Through the use of its investigative powers it has, in some cases at least, been able to put a stop to the giveway of our resources to big business, and to expose some of the corruption that has been taking place within the Republican Administration.

3 The Democratic Congress has put a stop to the wholesale violation of the Bill of Rights by some of its notorious inquisitors, and it is once again becoming a citadel of the rights of free men.

4 This 84th Congress has been able to enact some substantial liberal and progressive legislation in spite of foot dragging or outright opposition by the Administration. The dollar-an-hour minimum wage is an outstanding example. The Administration fought to the last to hold it down to 90 cents, but the Democrats outvoted them. This will be a good thing for the country.

—Wide World

FORMER PRESIDENT TRUMAN

I want to say just a word to those of our liberal friends who have been complaining because the Democratic Party in this Congress hasn't done more. It should be apparent to them by now that our party is the only hope of liberalism in the United States. The Republican Party is attacking liberalism as such, and is even trying to make the word "liberal" an ugly or subversive word. If Democrats in Congress do not and cannot put across all the liberal measures we would like, because some few Democrats stray away from their party's platform and program, the answer is not to attack both parties indiscriminately and cry "a plague on both your houses." This only creates confusion and divides the forces which should be united. The real answer is to make it clear to the liberals that the Democratic Party is the only hope they have in this country, and to elect more Democrats—enough to put across the party's program in spite of those who stray away.

Even the Republicans now realize that they have very little chance to recapture the Congress and have about given up hope. That is why they are so jittery and are concentrating their fears and hopes on the Executive. The Presidency will be the real battleground of the 1956 election. The country needs a Democratic President just as much as it needs a Democratic Congress. The times require we have both so that we may move forward, in fact as well as in the headlines.

We are in the midst of revolutionary changes in this country. The development of atomic energy and other technological advances have given us the means to produce an abundance of goods and services hitherto undreamed of. If our economy is made to function properly for the benefit of all the people, and if its products are used and distributed wisely, we can have a great era of growing prosperity. But, on the other hand, if a severe imbalance is allowed to occur,

. . . Hall: "With no real issue, they are going to rely on smears"

and if our economy is operated primarily in the interest of big business, or any other narrow group, the results may well be serious for everyone.

It will require bold planning, an affirmative approach and positive leadership to realize this wonderful promise of the future. Under our constitutional system, the Chief Executive carries a heavy responsibility for supplying that leadership. To meet the complex problems along the way, the Congress will need not only great wisdom of its own but also the utmost counsel and help from the Executive. We will need more than pious platitudes, or half measures, or the warmed-over slogans of the New Deal and the "Fair Deal"—good as they were in their time. It will not be enough to have benign expressions of good will and bland evasions of responsibility.

When I was at the White House, I used to keep on my desk a sign which said, "The buck stops here." That is a precept every President ought to have on his desk. And, what is more, he ought to honor it.

The Congress will not get the kind of help it needs from a Republican Administration. This is clear from the record. This Administration has contributed little to the art of government except perhaps in its use of publicity and advertising techniques. It has offered a timid program in some important areas, but it was mostly copied from the Democrats. The only new program it has put forward was for the construction of highways, and it botched that one by proposing to finance it with a bonanza to the Wall Street financiers—a bond issue.

In other areas, this Republican Administration has actually moved backward. It is dominated and controlled by big business—which it allows to plunder our natural resources. It has let farm prices fall lower and lower. It has done little or nothing for labor. It has spoken prettily of a deep feeling for human needs, and then turned right around and fought against aid to education—and against increased Social Security benefits.

It is in these vital areas that the battle for the future welfare and prosperity of our country will be fought and will be won or lost. These are the areas in which the New Deal and the "Fair Deal" laid foundations for our great progress today. But let me tell you that the measures we put into effect for the benefit of the American people are not now in good hands. When I think of what has happened to the TVA, the Securities and Exchange Commission, the Federal Communications Commission, the National Labor Relations Board, the Federal Power Commission, the Atomic Energy Commission, and other federal agencies, it saddens and sickens me. These agencies are being subjected to outrageous political pressures. More and more, they are being shifted to the hands of men who are out of sympathy with the laws they are supposed to administer.

This situation has already gone far. It is getting worse and worse. Some of the evil effects are slow to appear to public view. But the damage is being done day in and day out.

We can count on the Democratic Congress to continue next year to do its best to promote and protect the interests of the people. But the Congress cannot adequately cope with an Administration so thoroughly infiltrated with servants of the special interests—those who put the interest of the few ahead of the welfare of the many.

The only way to correct that situation is at the ballot box. We will have an opportunity to do it next year.

I am going to do all I can to help, and I hope everyone of you will do the same.

HALL: "TRUMAN IS JEALOUS OF PRESIDENT'S ACCOMPLISHMENTS"

After Mr. Truman's speech at French Lick, Republican National Chairman Leonard W. Hall issued a reply in Washington. His reply mentioned also remarks at French Lick by Democratic National Chairman Paul M. Butler, who had spoken of Vice President Richard M. Nixon's "good will" tours abroad as "so much malarky," and had said Mr. Nixon was a poor choice to represent the United States abroad. Full text of Mr. Hall's statement, which was released on August 29, follows:

The intemperate statements of Harry Truman and Paul Butler Saturday are an unfortunate forecast of the type of campaign planned by the Democrats for next year.

With no real issue to take to the people, it's obvious they are going to rely on smears and personal attacks on President Eisenhower and Vice President Nixon.

But the hate mongers will have a tough assignment to make their attacks stick. All the bunk coming from French Lick can't hide the facts of record—high employment, great prosperity, peace—which have been achieved by the Eisenhower-Nixon Administration.

Harry Truman—whose Administration was noted for high taxes, unemployment and a vacillating and uneffective foreign policy which culminated in Korean "police action"—sounded like a bitter, frustrated man. He is jealous of President Eisenhower's accomplishments and can't stand the comparison with Eisenhower's tremendous popularity.

It's a good thing Truman knew when to quit his office, but it's unfortunate he can't take retirement with dignity and grace. He doesn't present a pretty picture with his name calling and brickbats. That may be the technique he learned in the Pendergast school of politics but it hardly fits the role of elder statesman which he tries to assume.

Butler's vile attack on Dick Nixon is the kind of thing that reinforces the average voter's intention to vote the straight Republican ticket next year. Dick Nixon's good-will tours have been heralded not only in the United States but throughout the world as promoting better understanding and world peace.

TRUMAN: "SPECIAL PRIVILEGE IS CALLING TURN TODAY"

Following is full text of Mr. Truman's speech to the Democratic conference at Mackinac Island, Mich., on Aug. 29:

It is a real pleasure for me to be here with the Democrats of Michigan. You are doing a wonderful job, and I congratulate you.

The Democrats of this State certainly have pep, vim and vigor, and, what is equally important, they have wise leadership.

You, in Michigan, are building a good, solid, hard-hitting political organization from the ground up. You have a very able and outstanding leader in Governor Williams.

The important thing, of course, is that you have been win-

. . . Truman: "No form of slander was too vile for them to use"

ning elections here in Michigan. That's what counts in this business of politics. Our Democrats in other States could very well learn some lessons from what you are doing here. I am sure you will be glad to share your experience with them. I am told that you might be willing to share your Governor with them, even perhaps to the extent of working out some arrangement for the Governor to operate on a larger stage.

I think the underlying reason for the success of the Democratic Party in Michigan is that it is being run as the party of the people, with broad participation of all groups of the population. More and more people are finding out that the Democratic Party is responsive to their needs and is looking after their interests. The contrast between our party as the party of the people and the Republican Party as the party of special privilege is becoming clearer every day.

That is true not only in Michigan; it is also true nationally.

For 20 years—from 1933 to 1953—the Democratic Party operated the National Government in Washington in the interest of all the people. Labor sat just as far above the salt at the table as business did. You know in feudal times only the privileged sat above the salt on the tabie and the common people sat far below it. And even then the common people did not get the salt because it was too valuable. It took the Democrats to do away with this remnant of feudalism.

Great reforms were brought about during the 20 years of the New Deal and the "Fair Deal." These reforms were fought tooth and nail by the representatives of special privilege—and these are the forces who are calling the turn for the Republican Administration in Washington today.

What "Special Interests" Opposed

I'll say one thing for these special-privilege fellows: They never did give up. All through the New Deal and "Fair Deal" years, they kept up a never-ending flow of propaganda—the best that money could buy. They attacked every forward step in the most intemperate fashion.

They opposed the Wagner Labor Relations Act, which was the Magna Charta of free labor in this country.

They opposed the agricultural programs which were enacted to make sure that the farmers of America would get a fair share of the national income.

They opposed the establishment of the Securities and Exchange Commission, which was set up to protect the American people from phony or watered stock promotions.

They opposed the Social Security law which we passed to take some of the hazards out of old age and unemployment.

Remember, the Republican campaign in 1936 was based primarily on opposition to Social Security, and remember how as late as 1949 the man who became President of the United States on the Republican ticket was saying that if people wanted security, they could find it in jail.

The list of opposition by the special interests is a long one.

They opposed the minimum wage.

They opposed TVA.

They opposed public power anywhere and everywhere.

They called these programs "creeping Socialism" and "regimentation" and worse. No form of slander was too vile for them to use.

They never gave up. They did anything and everything they could to discredit the Democratic Party and all its works. Most of the press was on their side. As time went on, they became more cunning in their opposition. They professed to accept some of the reforms that had been brought about, but really their objectives never changed.

Their propaganda attack was effective. Eventually, they were successful in capturing the Government of the United States; and, in January, 1953, they moved in to start tearing down and taking apart the New Deal and the "Fair Deal." They moved into Washington with a group of dedicated people—dedicated to the proposition that special interests come first.

Frankly avowing that business was now in the saddle, these people set out to overturn what we had done in 20 years. Fortunately, they found that some of our programs were so deeply imbedded in the pattern of American life they simply could not do away with them. But they have tried by devious ways to turn back the clock.

What a spectacle it has been to observe how the Republican Party has discovered some of the facts of life as they actually exist in these United States in the middle of the twentieth century. Just think back, if you will, to the Republican campaign promises of 1952. Fantastic, weren't they? Then look at the record of performance.

Take this matter of balancing the budget, for example. Somehow the notion seemed to have gotten abroad that all you had to do to balance the budget was just to behave nicely. That is, if those wicked Democrats weren't such terrible spendthrifts, the budget would really balance itself. Well, what happened? We are now in the third year of the dispensation of big business, and we have no balanced budget yet.

In fact, if you will check back a little, you will find that the last time there was any balancing of the federal budget it was done during my Administration.

It did not take long for the Republicans to find out that they could not operate the Government of the United States at all except by following many of the policies of the Democratic Administrations which preceded them. But they have not fooled anybody. They don't really believe in those policies, and they are working constantly to weaken and undermine them.

"Domination" by Big Business

The outstanding characteristic of this Administration in domestic matters is its domination by and its dedication to the viewpoint of big business. The make-up of the Cabinet and the background of other appointees to office bring this out very clearly. These businessmen come into public office with a purpose. Most of them seem to come for a relatively brief period. Some of them cut their existing business ties; some do not. But they come to advance the viewpoint of the business world from whence they came and to which they hope to return.

Do not misunderstand me. I do not question the honesty and integrity of businessmen in general. Some of them make fine public servants. I had many in my own Administration, and most of them served the country well. But other groups are also entitled to be fairly represented, and above all the Government ought to serve the general public interest instead of any special class. It cannot do this if appointments to high office are concentrated in a single group.

We have seen many examples in the past two and one-half years of the Government's subservience to special interests. Those who fought the New Deal and the "Fair Deal" so long and so stubbornly are now reaping their reward.

I am not talking about the occasional cases of individual misconduct or corruption. I know from experience that in any large group some people are likely to go wrong, no matter how carefully they are screened. But I think the record will show that this sanctimonious Administration is having its own troubles with corruption.

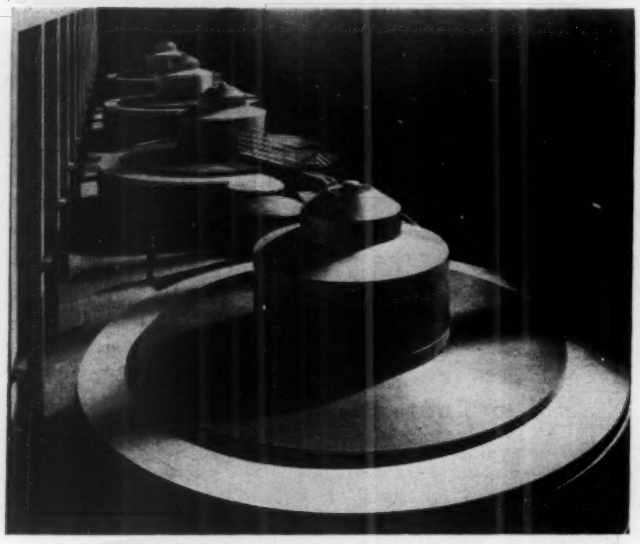
But, the kind of misuse of power—call it corruption if you

. . . Truman: "The regulatory commissions have been packed"

will—with which I am primarily concerned is far broader than individual misconduct. It is the deliberate use of the power of the executive branch to undermine the laws it is sworn to execute faithfully—to subvert those laws so that their benefits flow to the privileged few instead of to all our citizens.

One glaring example of this is the Dixon-Yates mess. The Dixon-Yates proposal was the first step in a plan to undermine TVA—break up the TVA power system—and ultimately to sell the public power facilities in the Tennessee Valley to private interests. This was the goal and purpose of the plan. It was pursued in stealth and secrecy.

Now the Eisenhower Administration can undertake to destroy the TVA if they think that ought to be done. Of course, the TVA is one of the greatest accomplishments of modern American democracy, and it is known and admired as a model of natural-resources development all over the world. But the



TVA GENERATORS
Mr. Truman sees a plan to destroy TVA

utilities lobby—the electric-power industry—has always hated it and has always wanted to destroy it; and since they make the power policies of the Republican Administration, it is no wonder that the Administration is leading up to the destruction of TVA. But I do say that when the executive branch has such an objective in mind, the Administration should pursue it openly. They should go to Congress, announce their intention, and ask for the repeal of the law under which TVA was set up. Then, the people would know what was being proposed and could pass judgment on it.

But this was not what the Eisenhower Administration did. They cloaked their movements and worked in secrecy. They were not candid with congressional committees. But, fortunately, they are now being brought to account by the Democratic Congress.

The Dixon-Yates proposal has been stopped, but this does not mean the private-power lobby has been licked. Far from it. Indeed, in a number of cases, they are getting what they want even now.

The Administration is doing all it can to give the best power site left in the country to the private power companies out at Hell's Canyon; and it is perilously close to success. Unless the Congress manages to stop this giveaway at the next session, it may be too late.

Let me read to you some portions of an article in the August 13 issue of *Business Week*. This was the headline: "Private Utility Gets Hell's Canyon." The article said, in part:

> "The Federal Power Commission's decision was a monumental victory for private power, a staggering defeat for public-power forces that had made some progress in the session of Congress just ended.
>
> "The FPC decision caught congressional Democrats off guard. It was made on July 27th, before Congress adjourned, but announcement was withheld until after adjournment.
>
> "The Hell's Canyon case will now go to the courts. But it will be an uphill fight."

The Republican Administration's undermining of the laws it is supposed to administer is by no means confined to the field of electric power and natural resources. The regulatory commissions have been packed as never before with people who came from the ranks of the industries they are supposed to regulate.

When the Federal Reserve System was established, Senator Carter Glass, who was the author of the Act setting up the System, suggested to President Woodrow Wilson that he appoint the top bankers of the country to the Federal Reserve Board. Wilson said: "No group should control the organization set up to regulate them."

Labor Board Rulings Reversed

The Securities and Exchange Commission is a prime example. The Republican appointees to the National Labor Relations Board have reversed a number of its settled interpretations of the law—to the disadvantage of labor. The Secretary of Agriculture campaigns against the programs he is supposed to administer—and then uses their failures to argue that support prices ought to be lower.

In these cases and many others, it is becoming clearer every day that the Republican Party represents the privileged few rather than the many. A political party with this narrow viewpoint cannot long remain in power in the United States—and should not.

I have full confidence that the people of the country have enough wisdom to find their way through the smoke screen of propaganda that is designed to fool them. Penetrating this cover is impeded and delayed because of the protective curtain which most of the press throws around its Republican protégés. But it is only a question of time. The people will win their Government back from the forces of special privilege.

Already, they have returned the Congress to Democratic control. And the Congress, to its credit, has been battling valiantly against the forces of special privilege in the Republican Administration.

Next year, there will be an opportunity to complete the job by electing a Democratic President.

I believe that is what the American people will do. And I know that the Democrats of Michigan will be in the forefront of the battle.

Keep up the good work.

Don't be frightened or discouraged by false propaganda that says the Democrats don't have a chance. That's what they were saying in 1948, but look what happened.

We licked the Republicans then, and I think we are going to do it again in 1956.

We've Been Asked:—

WHY MORE MEN MAY BE DRAFTED

- **Some men of draft age will be called to active duty sooner than previously expected.**
- **New Reserve training program will put more pressure on local draft boards.**

Reports are that the size of monthly draft calls is going up: Is that likely to happen?

Yes, that's the outlook. Selective Service officials say that pressure on the country's pool of manpower for the draft will be increased by the new Ready Reserve. The new program—which is aimed at building up the nation's Ready Reserves by allowing youths under the draft age of 18½ to sign up for only six months of active-duty training, but these trainees are not considered part of the active armed forces. This is expected to increase the number of men drafted each month, beginning early next year.

How many more will be drafted?

No one can say definitely at this time. But the National Selective Service Director, Maj. Gen. Lewis B. Hershey, estimates that the monthly draft call may be raised from the present 10,000 to 25,000 or even 30,000, increasing considerably the number to be called up by local draft boards.

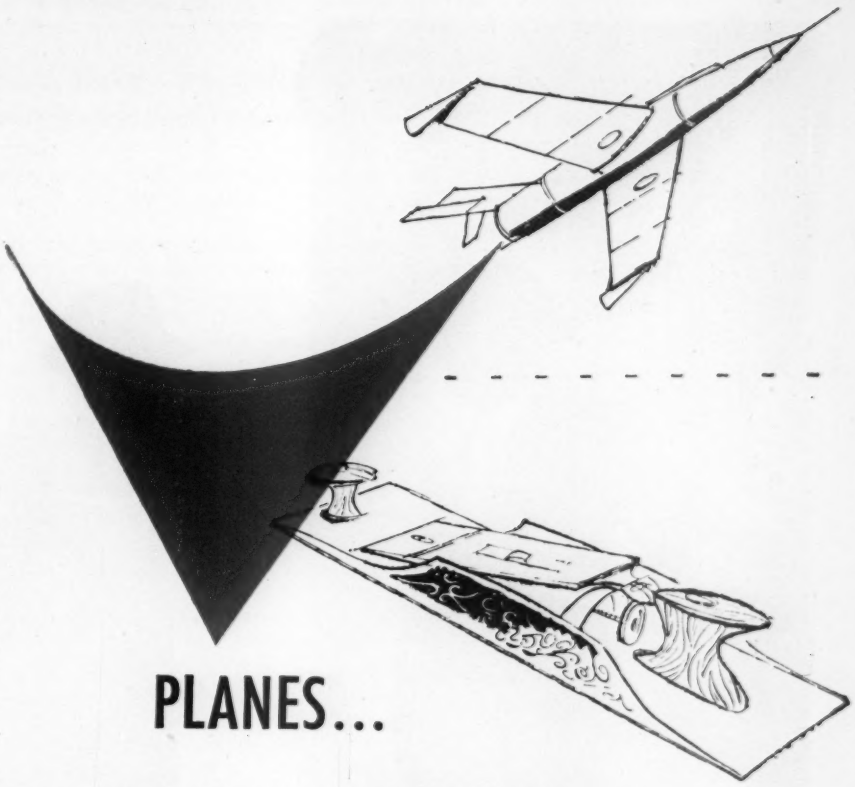
Would that lower the age at which youths are called for induction?

In practice, it probably would. Many local boards now have a backlog of young men who are eligible for the draft and are calling no one under the age of 21. But a step-up in monthly quotas could mean drafting men in the younger age groups. However, those in college whose work is satisfactory would still be able to get student deferments.

Just why, exactly, will more men be needed for the draft because of the new Reserve program?

Many youths under the age of 18½, who formerly made up the bulk of enlistees and thus cut down the need for draftees, are expected to be attracted to the Ready Reserve program. Those accepted for the program, after completing six months of training at pay of $50 a month, will have to put in seven and a half years with Reserve or National Guard units. This usually will mean

(Continued on page 121)



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"Why don't you talk to the people at Chase Manhattan?"

A timely suggestion for company executives who want to know how to use a large bank effectively

If, like the week-end guest on the right, you're faced with a business problem that involves financial planning beyond the normal scope of a bank loan, you'll do well to talk to the people at Chase Manhattan.

To help you, Chase Manhattan staffs a complete department (the Commercial Banking Department) with people whose experience and knowledge of business conditions and trends can often save you money... strengthen your entire operation.

This is possible because consulting Chase Manhattan automatically gives you access to the services of specialized departments like Utilities, Petroleum, Aviation, Transportation, Real Estate and even Atomic Energy.

To see how The Chase Manhattan Bank can work for you, look over to the next page and read a typical case history from the Commercial Banking Department's files.

(Advertisement)

Talking to the people at Chase Manhattan

Recently a customer operating a department store called on Chase Manhattan to find out how best to finance a suburban branch store.

The corporation had borrowed some years ago to expand its main store but movement toward the suburbs had affected store traffic, and "occupancy cost" to the sales dollar became too high. This made it difficult to operate at a sufficient profit to maintain dividends to the stockholders, amortize the substantial mortgage on the main store, and finance the new suburban store necessary to protect the company's dominant position in its sales area.

Reviewing all the facts, Chase Manhattan's Commercial Banking Department, together with specialists in other Departments, proposed the following:

1. The sale of new capital to increase the equity in the business.
2. Rearrange the maturities and provisions of the mortgage to recognize the immediate need of cash, but taking into account the intrinsic values and eventual earning power of the business.
3. A bank standby and term loan to finance the equipping and stocking of the new store.
4. A "snugging in" of the main store operation through the relocation of certain departments and the sale or lease of surplus property.

The acceptance and putting into effect of the above program, with the consequent improvement in operating results, demonstrated tangibly once again "It pays to do business with The Chase Manhattan Bank."

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(Member Federal Deposit Insurance Corporation)

We've Been Asked:

. . . Six-month enlistments open to skilled specialists

weekly drills, with pay, and about two weeks of summer camp each year.

Under the program now being put into effect by the Army, 10,000 youths a month will be allowed to take this short cut around the draft. The Marines have a similar program, but on a smaller scale; the Navy and Air Force do not. The new Reserve Act allows the armed services to take up to 250,000 a year for this short training course and seven and a half years in the Reserves. Men in this program are not subject to the draft so long as they keep up with their drills and are in good standing as Reservists.

Is this six months of active training open only to those under 18½?

No. The new Reserve Act opens the way for some men with special skills to volunteer for six months of active-duty training without having to put in two full years of active service. These usually would be older men of draft age, rather than those under 18½.

When will the program start for men with special skills?

Before very long. A presidential executive order and rules to govern this program now are being drawn up and will be ready soon. This will spell out the occupations considered "critical." Present plans are to get this program in operation within a few weeks.

Who can qualify?

The new law says this six months' training, instead of the draft, will be open to men with critical skills who are engaged "in civilian occupations in any critical defense-supportng industry or in any research activity affecting national defense."

Who will decide if a person has a critical skill?

Under present plans, that will be decided by his local draft board. To volunteer for six months of Ready Reserve training, he would apply to his local board. If turned down, he could appeal through Selective Service machinery.

Will these men have to drill, as Reserves, after returning home?

Some will and some will not. The law provides that those enlisted because of critical skills can be excused from drills after completing the six months of training. But even those who are excused will be members of the Reserve for seven and a half years.

What's going on behind those closed BOOKS?

Many executives like yourself are too busy to keep close contact with bookkeeping operations. And yet this department may be eating up a sizable share of company profits. Aside from the danger of embezzlements, hold-ups, forgeries and general dishonesty—there's the wastage caused by lack of control and by inefficiency.

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TIGHTER CREDIT—WHERE IT PINCHES

Businessmen, Home Builders, States, Counties Affected

SHORT-TERM LOANS—	JAN. 1	NOW
U. S. Treasury 91-day bills	1.175%	2.088%
Bank loans to best business risks	3.00%	3.25%
Prime commercial paper, 4-6 months	1.31%	2.50%
LONG-TERM LOANS—	**JAN. 1**	**NOW**
High-grade corporate bonds	2.92%	3.13%
State and local bonds	2.40%	2.71%
Treasury 2½% bonds maturing Sept., 1972	2.61%	2.94%
Treasury 3¼% bonds maturing June, 1983	2.70%	3.00%
BORROWING BY BANKS—	**JAN. 1**	**NOW**
Federal Reserve bank rate	1.50%	2-2.25%

NOTE: Except for the Federal Reserve rate and the bank rate to best business risks, borrowing costs are shown in terms of yield rates to investors.

Source: U. S. Treasury, Federal Reserve Board, Moody's

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Borrowers now are beginning to wonder how much further Government's tighter-money policy will go.

Damper on school building, highway projects, home buying, other activities is really beginning to take effect.

Rising resistance, lenders feel, is likely to prevent credit from being made much harder than it is already.

The hard, practical fact of tightening credit is beginning to discourage many kinds of activities that thrive on borrowed money.

Credit that was abundant and cheap only a few months ago is being dried up gradually by an Administration bent on avoiding inflation.

Lenders still are putting out cash in huge amounts, but they are finding it increasingly difficult to accommodate all qualified applicants.

In Florida, Illinois, Louisiana and elsewhere, State and local governments have withdrawn bond issues, rather than pay the interest charges demanded by lenders in a tightening market.

Home-building projects in many places have been shelved as lenders turned cool on financing. The decline in housing starts in July is blamed largely on tighter credit.

Few corporations are reported to be postponing expansion plans because of higher financing costs. Yet those which go ahead are finding that the interest rates are higher.

You get, in the chart on this page, a quick picture of what has happened to interest rates paid by various groups of borrowers. Interest charges on many types of loans now are approaching the level of the credit squeeze in the spring of 1953—a squeeze followed by what bankers called a "panic" in the money market and by a recession later. Some rates are above those of 1953.

Comparisons such as these are raising the question of how far the Administration will dare go in squeezing credit. It's taken for granted that tighter money, long maintained, will arouse resentment. Economists, generally, agree

on the need for restraints on credit to head off inflation. But borrowers, the Administration's political advisers know, are seldom economists. With an election year coming up, many are wondering how much longer credit stringency will last, and how much tighter money will get.

Higher taxes. Scores of localities and many States are being forced to decide whether to go ahead with plans to build schools, roads and other facilities at higher financing costs or to abandon public works for the time being in the hope of lower interest charges six months or a year from now.

In Cook County, Ill., officials have just turned down all bids on 40 million dollars' worth of bonds offered as a start on financing Chicago's superhighway system. In New York, the State comptroller rejected the sole bid for 125 million dollars of State Thruway Authority bonds. In each case, officials explained they could not approve the interest charges involved.

In Hennepin County, Minn.—and also in St. Mary Parish, La.—officials postponed the sale of 1.3 million dollars' worth of school bonds. Officials took the same action on 8.2 million dollars in drainage-district bonds in Calcasieu Parish, La.

Governor Raymond Gary of Oklahoma, advised by investment bankers that this was not an "appropriate" time for more financing of the Oklahoma Turnpike, announced he would return to New York City in October for another look.

In many States, cities and counties, however, pressure to build schools and other facilities for expanding populations is driving officials to go ahead in the face of rising financing costs. For most, the long-term credit is costing these communities at least a half of a percentage point more than the communities paid in their previous borrowings.

Half a point in financing costs means 1.5 million dollars of extra charges on 10 million dollars borrowed for 30 years. Result is to be additional tax assessments for decades.

Business pays more. Industry, too, is finding that credit—long-term and short-term—is more expensive and, for some, much harder to get.

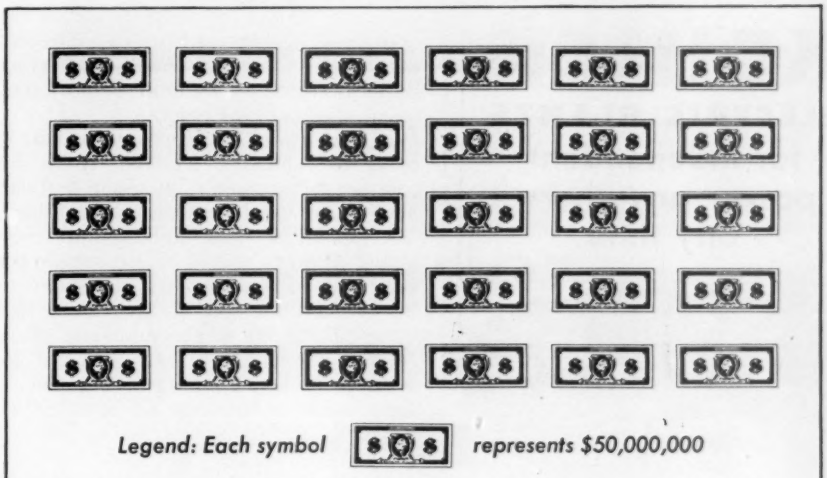
American Telephone and Telegraph has set an interest rate of 3⅞ per cent on a 635-million-dollar issue of debentures—the biggest piece of corporate financing in U. S. history and the highest rate paid by the firm since 1929.

A 280-million-dollar refinancing issue by the Baltimore and Ohio Railroad Company, in the works for seven months, sold well—but only after another week's delay in which offering terms were "sweetened" a bit more to attract investors.

Short-term operating credit also is scarcer and dearer. From all over the country, bankers tell *U. S. News & World*

(Continued on page 124)

New Orleans is one of only two U.S. ports handling more than $1 billion of cargo annually . . .



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For full particulars about the competitive advantage New Orleans offers you, write: Lewis I. Bourgeois, Director of Commerce, Board of Commissioners of the Port of New Orleans, 2 Canal Street, New Orleans, U.S.A.

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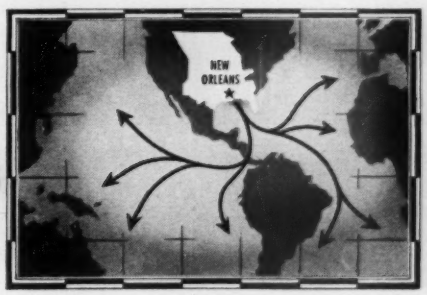
PORT OF NEW ORLEANS U.S.A.



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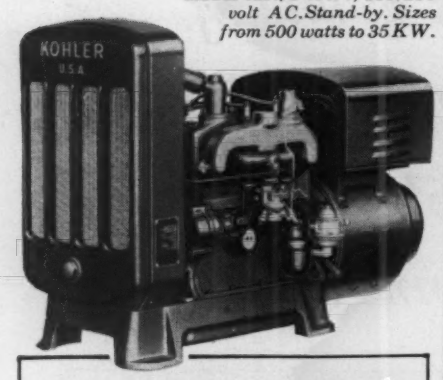

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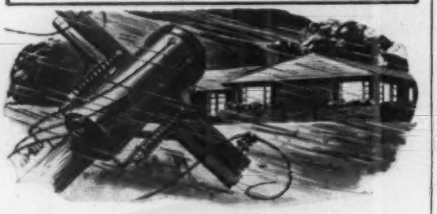

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. . . "Country" banks are handling some big loans

Report that they are being forced to tighten their credit services. As one puts it, "When you have to sell Treasury securities at a considerable loss in order to get funds to lend, you lose some enthusiasm for lending."

The "prime" rate—charged by banks on short loans to businesses with top credit ratings—has been set at 3¼ per cent, up from 3 per cent earlier in the year. But bankers in most cities report that they have raised rates to many other business customers by more than a quarter of a percentage point.

A New York City banker says that, in order to "conserve lendable funds for commercial customers," banks in that city have put a novel twist on the traditional "correspondent bank" relationship. Normally, "country" banks—those outside the big cities—let their big-city correspondent banks handle a part of their loans that they find too big to accommodate alone. Now, with the New York demand for loans to brokers running at high levels, some banks in that city are letting their country correspondents participate in their broker loans.

"We're trying," says the New Yorker, "to limit loan amounts to bare essentials."

A banker in the far Northwest reports that "money is not as tight" there as in New York, but it still is tight. "We're doing more checking on our applications," he says, "but we are managing to take care of our customers at somewhat higher rates."

In San Francisco, meanwhile, a banker explains: "We're taking care of our regular customers, but getting tougher on new ones. And we are checking more closely on the purpose for loans, even for our established customers."

From Missouri and some cities in Kansas come similar reports. There have been fewer, and narrower, changes in the charges for business loans by banks in smaller cities and towns. That follows a normal pattern. Yet these banks also are scrutinizing applicants more closely these days.

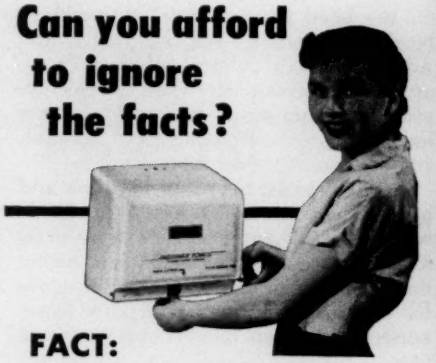
The president of a Texas automobile-financing company complains that the tighter-money policy does not correct the credit situation in his industry. He says the major finance companies can get all the money they require, but the smaller firms are not able to do so.

Mortgages, too. Home building and home buying already are slowed by the credit stringency, but the big impact of tighter rules has yet to be felt.

A West Coast banker reports, "We're taking on no new financing of big tracts

(Continued on page 125)

Can you afford to ignore the facts?



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. . . Outlook: Tight-money policy will be kept in force

for development right now." That policy, duplicated elsewhere, obviously means that plans drawn by big developers for the start of new projects in months ahead are being thwarted by the shortage of credit.

Home buyers themselves are finding that mortgage loans are harder to get. It takes more looking around than it did. No-down-payment loans have all but disappeared. Charges are up. In most areas where lenders got 4½ per cent for home loans earlier in the year, they now charge 5 per cent.

Consumers, meanwhile, are still being taken care of with easy credit terms on

–USN&WR Photo

APPLYING FOR A LOAN
Bankers are "doing more checking"

their purchases of cars, home appliances and furniture.

"While production and sales are geared to this high level," explains a banker, "we're forced to take care of dealers' credit needs and go on making loans to consumers." He adds, "We're trying to be as prudent as we can, though."

Continued pressure. As to the outlook, most lenders see no early end to the tighter-money policy. With output soaring, credit demands expanding and some prices inching up, the Administration is expected to keep the pressure on.

At the same time, most members of the financial community doubt that money is to be made much tighter. Their idea is that, with the risk of another money "crisis" and the political threat of rising resentment, the Administration will not go much further.

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN,** as an employer, take pictures of a strikers' ***picket line*** without violating the Taft-Hartley Act. The General Counsel of the National Labor Relations Board upholds a regional director who refused to issue a complaint against an employer; taking of the pictures was not accompanied by any warning that would lead the strikers to believe that they were being identified so they could be fired if they did not return to work.

* * *

☑ **YOU CAN** refuse to allow a union team to come into your plant to make a job survey in connection with a ***grievance dispute*** involving an employe who claims that he should have a higher classification. The National Labor Relations Board decides that an employer did not violate the Taft-Hartley law when he refused to permit union representatives to make such a job study in his plant.

* * *

☑ **YOU CAN** now give more information in advertising a ***new securities issue*** that is being put on the market. In liberalizing its rules, the Securities and Exchange Commission bars sales talk but permits a brief description of the company issuing the securities and information on pricing. Such advertising is allowed both before and after the proposed issue is registered with SEC.

* * *

☑ **YOU CAN** sometimes collect a subsidy from the Government for ***potatoes*** that you divert for use in starch, feed or flour. This subsidy program is established by the Department of Agriculture to help dispose of excess potatoes. Payments will be made only in areas that have potato-marketing plans approved by the Department.

* * *

☑ **YOU CAN** discharge employes for going on strike instead of settling their grievance by ***arbitration,*** if their contract calls for arbitration as the "exclusive means" of adjusting disputes. Such a walkout, according to NLRB, is not protected by the Taft-Hartley law.

☑ **YOU CAN,** as finance officer for a life insurance company, wait until next March 15 to file a declaration of ***estimated tax.*** The Commissioner of Internal Revenue announces this extension for life insurance companies. Other companies whose 1955 tax is expected to be more than $100,000 must file declarations of estimated tax by September 15 and pay 5 per cent of estimated tax by that time.

* * *

☒ **YOU CANNOT** avoid paying a tax on the income of a long-term ***family trust*** that you set up if you have power to change the trustee who is authorized to amend or revoke the trust. The U. S. Tax Court holds that the creator of such a trust is liable for tax on its income.

* * *

☒ **YOU CANNOT** obtain cyclotron-produced ***radioisotopes*** from the Government after November 30. The Atomic Energy Commission announces that on that date private industry is taking over the processing and distribution of radioisotopes of types usually not produced in nuclear reactors. AEC, however, will continue to provide assistance for research reactors at nonprofit educational and medical institutions.

* * *

☒ **YOU CANNOT** import ***sugar*** from Cuba for direct consumption without getting certification from the Department of Agriculture. This order will remain in effect until January 1. At present, certification is not required for Cuban raw sugar imported for further processing.

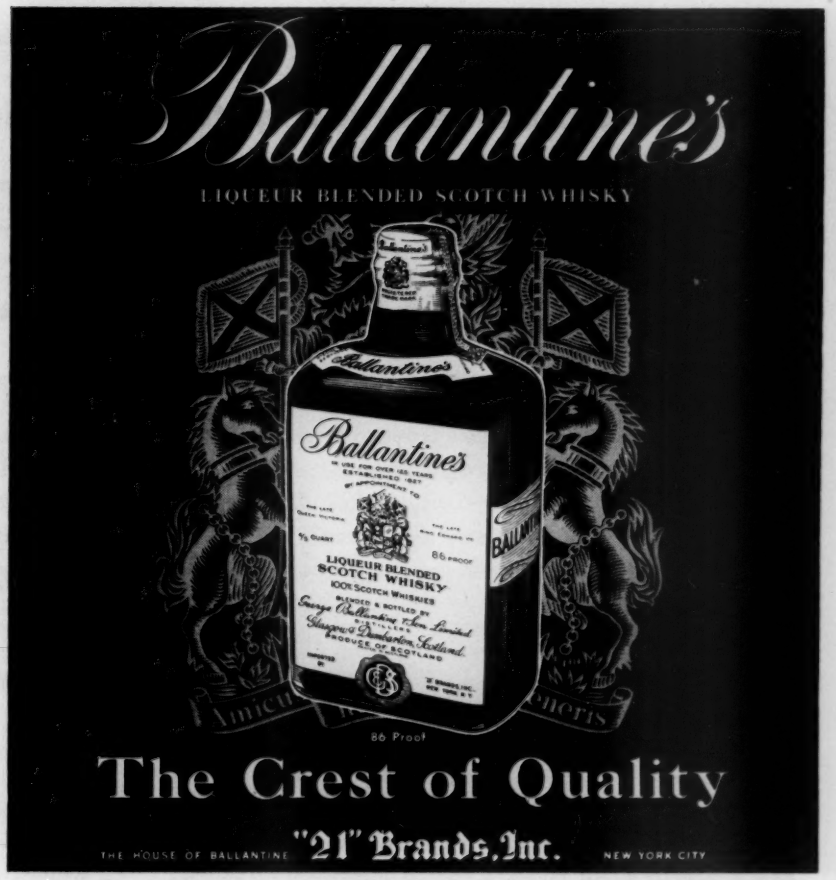
* * *

☒ **YOU CANNOT** get around paying a ***dues tax*** on a uniform assessment that you, like other members, pay to a social club, even though the club cannot enforce payment. This is a ruling that the Internal Revenue Service also applies to athletic and sporting clubs.

* * *

☒ **YOU CANNOT** safely fire an employe upon request of a union under a ***"union shop" contract*** if you know he has lost his union membership for reasons other than failure to pay union dues. The Labor Board rules that it was a Taft-Hartley violation for an employer to make such a discharge—in this case involving a former union steward.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*



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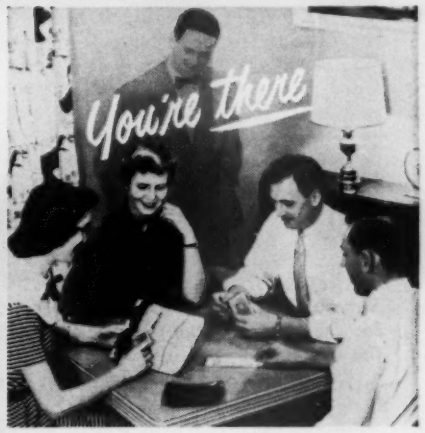

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Senate Committee Investigates—

DOES U.S. SECURITY SYSTEM NEED OVERHAULING?

What about those Government workers fired under security regulations?

Are they really security risks? Or the victims of flimsy, hearsay evidence?

Are innocent people being made to suffer?

Such questions have been raised by some critics of the federal security program, and now a Senate subcommittee is investigating whether the rules need revising.

The subcommittee is going behind the official records. It is questioning persons involved, examining the evidence against them.

In this testimony from the subcommittee's hearings you get eight case histories.

A Senate subcommittee is investigating security cases involving federal personnel. On August 29 it began to take testimony from former Government employes.

First cases to be heard were those of Eleanor V. Waxer and her husband, Sanford Waxer, a former Army private. Mrs. Waxer testified that she took a clerical job with the Army at Fort Knox, Kentucky, in September, 1953, to be near her recently drafted husband. On March 4, 1954, she was suspended on charges that she had associated with a member of the Progressive Party of Michigan. A Government letter to Mrs. Waxer, specifying the charges against her, said the party is "described as Communist controlled."

Mrs. Waxer told the Senate investigators that she was unable to learn the name of the Progressive Party member with whom she was alleged to have associated, and that she was unable to get a final judgment on her case despite repeated letters of inquiry.

The Senate investigation was conducted by the Subcommittee on Government Employees' Security Program of the Senate Post Office and Civil Service Committee, with Senator Olin D. Johnston (Dem.), of South Carolina, chairman of the Committee, presiding.

Questions and answers from the official transcript of testimony taken on August 29, 30 and 31 are given in what follows. Henry H. Edens, special counsel for the Subcommittee, is questioning Mrs. Waxer:

Mr. Edens: On the 15th of August, did you receive an answer to that letter? [Mrs. Waxer's last letter of inquiry, dated July 30, 1955.]

Mrs. Waxer: I did, from the Department of the Army in Washington.

• • •

Mr. Edens: Will you read that letter?

Mrs. Waxer: Yes, sir.

"Dear Mrs. Waxer:

"Your letter of 30 July 1955 to Mr. N. T. Shepherd, Director of Civilian Personnel, Fort Knox, Kentucky, has been referred to the Department of the Army for reply. . . .

"It is regretted that you have experienced certain inconveniences as a result of the inability of the Department of the Army to resolve your case at an earlier date. Every effort is made to expedite cases such as yours in the interest of minimizing personal hardship to those concerned. Of necessity there is an uncontrollable variance in the time required to complete each case depending upon the ramifications involved. Additionally, the revisions in the Federal Government's loyalty program during the past two years have imposed a tremendous increase in the workload of the agencies concerned. Although this situation is rapidly being alleviated, it has caused some general increase in the time required to process the majority of these cases.

"I assure you that your case is being processed with the highest possible priority and it is anticipated that a final determination will be forthcoming in the very near future."

Then it is signed: "Sincerely, M. A. Quinto, Colonel, GS, Chief, Security Division."

Mr. Edens: Is that the last communication you have received with reference to the clarification of your suspension status?

Mrs. Waxer: That is, sir.

• • •

Senator Carlson [Senator Frank Carlson (Rep.), of Kansas, member of the Subcommittee]: . . . You had been suspended on March 4, and on March 16 you were offered employment in another Branch of the Department of the Army?

Mrs. Waxer: Yes, sir.

• • •

Mr. Hadlick [Paul E. Hadlick, cocounsel of the Subcommittee]: But your point is that for practically two years you have been left with a charge that you are a security risk?

Mrs. Waxer: Yes, sir.

Mr. Hadlick: That is all you want cleared up?

Mrs. Waxer: That is what I have wanted cleared up for a long time.

• • •

Sanford Waxer took the stand. Mr. Waxer had been drafted into the Army in June, 1953. He testified that he first became aware of a question about his loyalty in May,

. . . Waxer: "No reason given why I did not get Army benefits"

1954. At that time, nearly a year after he entered service, he was told to fill out, for the second time, a personal-history form of the type used in security investigations.

On May 31, 1955, Mr. Waxer's draft service ended and he was separated from active duty. But his separation paper was not the usual "honorable" release. Its character was left "to be determined" by the Army.

From the transcript:

Mr. Edens: Between the time of your separation from the service on the 31st of May, 1955, until the third of August, 1955, did you receive any communication from the Army or other Government agency with reference to your status?

Mr. Waxer: No, sir.

Mr. Edens: On the third of August, 1955, did you receive a communication from Eugene Menville, Major, AGC, Adjutant, marked "Confidential"?

Mr. Waxer: Yes, sir.

Mr. Edens: That came from where?

Mr. Waxer: Department of the Army in Washington, sir.

"Information Has Been Received—"

Mr. Edens: That communication of the third of August states:

° ° °

"1. Information has been received by the Department of the Army which furnishes reason to believe that you may be subjected to coercion, influence, or pressure which may cause you to act contrary to the best interests of the national security. This information is to the effect that you:

"a. Associated with persons who were members in, or sympathetically associated with, the Communist Party. These persons are:

"(1) Howard and Hope Smith, leaders in the 14th Congressional Club, District 7, Detroit, Michigan, Communist Party, at whose house, in October 1950, you attended a party.

"(2) Saul and Peggy Wellman, leaders in the Communist Party in the Detroit, Michigan, area, with whom you were friendly in 1950 and 1951.

"(3) Dr. Alfred H. Kelly, a contributor to and supporter of the American Youth for Democracy, an organization cited as communist and subversive by the Attorney General of the United States. On 4 March 1954, you listed Dr. Kelly as a character reference in completing Department Defense Form 398, Statement of Personal History.

"(4) Leo Shaffer, your brother-in-law, who you listed as a character reference on or about 6 September 1952, and who was Chairman of a Communist Party shop unit in 1946 and 1947, and President of the Deisel Communist Club in 1950.

"b. Sent a change of address card to 23 West 26th Street, New York City, New York, a building which was occupied by the Civil Rights Congress, American Committee for the Protection of Foreign Born, Joint Anti-Fascist Refugee Committee, and Veterans of the Abraham Lincoln Brigade, all organizations which have been cited as subversive by the Attorney General of the United States.

"2. You are advised that you have the following choices and may elect one or more of the following actions:

"a. Request, within 5 days from date of receipt, a personal appearance hearing before a 'Field Board' with or without counsel. . . .

° ° °

"b. Rebut this letter in writing within 15 days from date of receipt. . . . You are advised that your failure to request a hearing before a 'Field Board' may result in action under current regulations (SR 600-220-1), to effect your discharge, with type of discharge to be determined by the Department of the Army.

"c. Request retirement, if eligible, or elect discharge within 5 days from date of receipt of this letter. . . ."

° ° °

Mr. Edens: Did you receive this communication in Florida?

Mr. Waxer: No, I didn't. I received it in Detroit, sir.

Mr. Edens: Were you at that time in Florida?

—USN&WR Photo

SENATOR OLIN JOHNSTON
. . . presided over the hearings

Mr. Waxer: No, it was our intention when I was separated from the service to maintain a residence with my mother in Florida. However, due to the fact that, at the time I was separated, I was not given the $200 mustering-out pay nor my $60 accrued leave as well as travel pay, that idea went out the window.

Mr. Edens: Did the other men in your company receive those benefits?

Mr. Waxer: Yes, sir. No reason was given as to why I did not receive it.

° ° °

Mr. Edens: Did they give you a transportation ticket home?

Mr. Waxer: They gave me a train ticket and a meal ticket, sir.

Mr. Edens: Upon receipt of these communications did you consult counsel?

(Continued on next page)

. . . "Mr. Waxer, are you a Communist?" "No, I am not, sir"

Mr. Waxer: Yes, I did, sir.

Mr. Edens: Did you send a letter in reply to this communication?

Mr. Waxer: I did, sir.

* * *

Mr. Edens: In that letter you stated as follows:

"In reply to your letter of August 3, 1955, notifying me of the three choices available to me for the determination of my Character of Separation, I am respectfully requesting that I be offered the opportunity of appearing before a 'Field Board.' I will provide my own counsel as well as witnesses that are close at hand."

* * *

Did you send that letter?

Mr. Waxer: Yes.

Mr. Edens: In the documents which you received wherein reference was made to what you could do if you desired this discharge, did they send a form for you to fill out?

Mr. Waxer: Yes, sir.

About "Undesirable Discharge"

Mr. Edens: Did that form read as follows:

"Request for discharge from the Army Reserve.

"To: Commanding General, Third Army.

"1. Under the provisions of paragraph 29c (2), SR 600-220-1, I, (Blank), Army Reserve, hereby voluntarily request that I be discharged from the Army Reserve.

"2. This request for discharge is submitted in lieu of board action, and I agree to accept an undesirable discharge."

Is that the form which was sent you in the enclosure which was referred to heretofore?

Mr. Waxer: Yes, sir.

Mr. Edens: Would you by signing such a discharge be depriving yourself of all the benefits and rights that normally accrue to a veteran?

Mr. Waxer: Yes, sir.

Mr. Edens: That would also act as a waiver of your discharge pay and annual leave?

Mr. Waxer: That is right, sir.

Mr. Edens: And the benefits which you might receive or considerations which you have earned in the armed forces with reference to hospitalization and disability payments?

Mr. Waxer: Yes, that is right, sir.

* * *

Mr. Edens: In the specification of charges, under paragraph A, the section which says you associated with people who are members of or are sympathetically associated with these persons, "Howard and Hope Smith, leaders in the 14th Congressional Club, District 7, Detroit, Michigan, Communist Party, at whose house, in October 1950, you attended a party."

Do you recall going to a party at their home?

Mr. Waxer: I really don't have any recollection of going to a party, no.

Mr. Edens: Have you been to their home?

Mr. Waxer: Oh, yes.

Mr. Edens: What was the occasion for your going to their home?

Mr. Waxer: A general social occasion. They have a collection of music, and he is a violinist and she plays the piano, and three of their children play instruments.

The reason was to listen to music and discuss music, and he also plays chess quite well, and I occasionally had the opportunity to play with him.

Mr. Edens: Did you know he was a Communist?

Mr. Waxer: No, I did not, sir.

Mr. Edens: Did you ever have any political discussions with Mr. or Mrs. Smith?

Mr. Waxer: Only one that I recall.

Mr. Edens: What was that?

Mr. Waxer: We discussed the Russo-Finnish War of 1940.

Mr. Edens: What was the result of that discussion?

Mr. Waxer: We were at opposite ends; we just violently disagreed. I would say we were diametrically opposed. As a result of that we agreed that we just wouldn't discuss politics from that time on.

Mr. Hadlick: Mr. Waxer, are you a Communist?

Mr. Waxer: No, I am not, sir.

—United Press

MR. AND MRS. SANFORD WAXER
. . . their cases dragged on

Mr. Hadlick: Have you any sympathy for the Communist Party?

Mr. Waxer: No, sir.

Mr. Hadlick: Have you any sympathy for any party that advocates the overthrow of this Government by force?

Mr. Waxer: By no means, sir.

Mr. Hadlick: You did not knowingly associate with Mr. Smith because he was a Communist or knowing that he was a Communist?

Mr. Waxer: No, sir.

Mr. Edens: "Saul and Peggy Wellman, leaders in the Communist Party in the Detroit, Michigan, area, with whom you were friendly in 1950 and 1951." Do you know who they were?

Mr. Waxer: They were the people who lived upstairs at the Smiths'.

Mr. Edens: Did you ever meet them?

Mr. Waxer: I met them briefly on two different occa-

. . . Senator Johnston: Loyalty boards "have been dilatory"

sions: one, they came downstairs on their way out. I was introduced to them. And the same thing happened about a year later. The total time was about 15 minutes that I saw them.

Mr. Edens: Did you know they were Communists, if they are?

Mr. Waxer: No, I did not, sir.

• • •

Mr. Edens: Did you belong to the American Youth for Democracy or such organization or kindred organization at Wayne University?

Mr. Waxer: No, sir, I never have.

• • •

Mr. Edens: "Leo Shaffer, your brother-in-law, who you listed as a character reference on or about 6 September 1952, and who was Chairman of a Communist Party shop unit in 1946 and 1947, and President of the Deisel Communist Club in 1950."

First, let me ask you: Did you use him as a reference?

Mr. Waxer: I probably did, sir. I really don't have a true recollection.

Mr. Edens: What would you be asking for a reference for around 6th of September, 1952?

Mr. Waxer: I believe it was roughly at that time that I had applied for a naval commission before I had been inducted into the Army.

Mr. Edens: Is your brother-in-law a Communist or a Communist sympathizer?

Mr. Waxer: Absolutely not, sir.

Mr. Edens: Had you any idea that he might be, would you use him as a reference to get a commission in the Navy?

Mr. Waxer: No, sir.

• • •

"A Complete Fabrication"

Mr. Edens: "(b) You sent a change of address card to 23 West 26th Street, New York City, New York, a building which was occupied by the Civil Rights Congress, American Committee for the Protection of Foreign Born, Joint Anti-Fascist Refugee Committee, and Veterans of the Abraham Lincoln Brigade, all organizations which have been cited as subversive by the Attorney General of the United States."

Is that a correct statement, Mr. Waxer?

Mr. Waxer: It is a complete fabrication.

Mr. Edens: What is your basis for that other than the fact that you say it is not so?

Mr. Waxer: On at least five counts, sir. I didn't really know about any of these organizations until roughly the notice of charges. I wasn't interested in them before and I am not interested in them now. The address means nothing to me.

I had been living at my address—in February, 1953, I had been living at my address since August, 1952. She joined me and we lived there until May, 1953. I would have had no logical, earthly reason for making out a change-of-address card.

• • •

Senator Carlson: And you do expect to appear before this board? [The Army Field Board appointed to hear Mr. Waxer's case.]

Mr. Waxer: Oh, yes.

Senator Carlson: All I can say on the situation is I think you should appear before your board. . . .

I would urge you to go before that board and I think it is your only recourse; frankly, I don't think you helped yourself in appearing before this Committee this morning; but your counsel requested you to appear here and I hope it works out.

Senator Johnston: Now, I want to disagree with the Senator from Kansas. I think you are properly before this Committee, and I think you brought out some evidence that shows how these boards are acting in respect to loyalty, how slowly they act, and how they penalize people; and it shows—if your testimony is true, and I believe it is true—that you have had no connections with any Communists and for them to wait two years before they have cleared this up, I think they have been dilatory in their techniques.

Dr. Arthur Neef, Dean of the Law School of Wayne University, Detroit, was the next witness.

Dr. Neef said he had entered the Waxer case to protest the Army's listing of Professor Alfred H. Kelly of Wayne University as one of Mr. Waxer's associates who was sympathetic to Communism and a supporter of the American Youth for Democracy, a campus organization. From Dr. Neef's testimony:

Dr. Neef: . . . In 1947 the AYD was under investigation at various colleges, including Wayne University.

Mr. Edens: "AYD" means what?

Dr. Neef: American Youth for Democracy. At that time, in February of 1947, we were considering banning it, and I recall at that time sending a letter to the Department of Justice asking what evidence we could get on the basis of which we could ban it.

In February of that year they reported back that there was no evidence which connected the American Youth for Democracy with anything subversive. On that basis we couldn't do anything, but a little later this thing began to bother us, more particularly as to the connection of the local group with the national organization; and in the very beginning of April, our investigations included trying to find out what evidence was available at other institutions, and this is where Dr. Kelly enters the picture.

I was charged with that investigation as administrative official of the university. I think I can say that the faculty have much more faith in their own faculty members than they have in their administrators, sometimes, and we decided we would have to use a faculty member to at least join in the investigation if the results were to be used in full faith.

Professor Kelly had that kind of standing in that faculty where they might accept his report better than mine.

• • •

Dr. Kelly signed the report saying that the connection of —the American Youth for Democracy's connection with the Communist Party was clearly and unequivocally established, and on that basis the banning of the American Youth for Democracy on our campus was confirmed. That was the final stroke.

Mr. Edens: And that was on the joint recommendation of you and Dr. Kelly?

"Outspoken Against Communists"

Dr. Neef: That is right.

• • •

He (Dr. Kelly) has been outspoken against Communists being on teaching faculties. There is nothing in his history that would in the slightest suggest that he could ever have been a Communist sympathizer, and certainly the facts with reference to his being a contributor or supporter of the

. . . Vargo: "I was discriminated against, I was done an injustice"

American Youth for Democracy are completely the reverse of the actual facts, personally known to me.

Professor Kelly's Testimony

Next witness was Dr. Alfred H. Kelly, the Wayne University professor who had been the subject of Dr. Neef's testimony.

Mr. Edens began the questioning of Dr. Kelly:

Mr. Edens: The Committee felt in view of the publicity given this incident and the charges which had been publicized against you that you should be afforded an opportunity to make a statement. . . .

• • •

What has been your connection with any Communist move in the United States or Communist sympathizers or any move directed toward the overthrow by violence of the Government of the United States or any organization sympathetic to such an organization?

Dr. Kelly: Sir, I want to say categorically that I have never been a member of the Communist Party; I am not now a member of the Communist Party; and unless I lose my mind, I will never be a member of the Communist Party.

I am not in sympathy with the aims and objectives of the Communist Party. I am not a member of any organization which to my knowledge is subversive or associated with the Communist Party.

• • •

Mr. Edens: Do you have any recollection of Waxer as a student at Wayne University other than that he was in several of your classes?

Dr. Kelly: I have had a great many thousands of students, sir, in the last 20 years that I have been at the University. I remember Mr. Waxer in two of my classes, and that is about the extent of my recollection of him.

Mr. Edens: You were called upon by the President of Wayne University to co-ordinate with Dean Neef to investigate the AYD movement on the Wayne University campus?

Dr. Kelly: That is right, sir.

• • •

We examined the files of the Callahan committee [an investigating committee of the Michigan State Legislature] and at Michigan State. I then submitted the report that you heard Dean Neef speak of, and it referred to one document in the possession of the Michigan State Legislature that the AYD had been set up as a successor to the Young Communist League.

Dr. Kelly's testimony concluded the hearing on the Waxer case.

The Subcommittee then turned to the case of Joseph Earl Vargo, a former State Department employe. Mr. Vargo testified to the effect that security rules had been used to force him out of a job at the State Department, although the official reason given for his dismissal was a reduction in force due to a cut in State Department appropriations.

Mr. Vargo told the Subcommittee he had married a Russian girl while on duty at the American Embassy in Moscow before World War II. In January, 1952, he was stationed at Havana, Cuba, when he got a call to report to Washington. In what follows, Mr. Vargo takes up his story in his own words:

Mr. Vargo: Upon arriving at the Department I reported to my chief, Mr. L. W. King, Jr., director of foreign-buildings operations. He said he did not order me back but Mr. Ryan wanted to see me about my wife being Russian-born and something about my being a security risk.

I reported to the office of Mr. Robert J. Ryan, assistant director of foreign personnel (he has gotten a lot of promotions since 1953) and asked him why I was called to the Department.

Mr. Ryan told me what a fine man I was, he said I was doing a fine job; he said my wife and I were very fine and nice people, then he said, "I want you to resign because you are a security risk. You have a mother-in-law behind the Iron Curtain and pressure could be applied on you."

Mr. Ryan said if I would resign I would be given assistance in obtaining employment in another agency of the U. S. Government, but if I would not resign my name would be blackened and I never again would be able to work for the U. S. Government.

Mr. Ryan said if I go before the Loyalty Board I would be found guilty. I wanted to know what I did. Mr. Ryan said I did not do anything, he said my record was good, that my wife was good and fine but it is their policy in the Department of State, and again he said "I want you to resign."

I refused to sign anything. . . .

• • •

Mr. Robert J. Ryan got his chance September, 1953, when it was decided to "RIF" people on grounds of insufficient funds appropriated by Congress. ["RIF" is a Government term meaning "reduction in force."] The "RIFing" was a comedy if anyone cares to investigate it.

On Aug. 21, 1953, I received my RIF notice at Havana stating that there were no funds to keep me on the payroll. I at once telephoned Mr. L. W. King, Jr., director of foreign-buildings operations at the Department of State and my chief, informing him of my "RIFing." He said it was news to him, and he knew I would be of value to stay either in Havana, or he had another place for me to go. . . .

The RIF notice was therefore under the table because there were funds to retain me with the FBO [Foreign Buildings Operations unit]; further, I was qualified for the job that the Department of State gave to a foreigner, a Cuban, a nonveteran, to maintain the building at Havana; I was discriminated against, I was done an injustice—I, a veteran of 21 years honorable military U.S.A. service. . . .

• • •

"I Never Faced a Panel"

Senator Carlson: I just wanted to be sure for the record that I understand this, that you had not had a hearing before a panel or a board in regard to your being "RIF'd"?

Mr. Vargo: I was trying to find out about the injustice of my being "RIF'd," so I spoke to those three gentlemen there [at the State Department], and I do not consider that any type of panel. That was a meeting arranged with those three men and nothing at all was decided. I had no indication that that was any type of a panel that would hear a "RIFing" case, but I was told in correspondence that hearing was reviewed, my appeal was reviewed by a panel and that everything is justified that I was "RIF'd," due to lack of funds. I never faced a panel—to my knowledge, I never faced a panel.

Senator Carlson: About how many times, do you think, or at least were you told that this panel had reviewed and considered your case?

Mr. Vargo: Twice. I appealed and reappealed. In both cases it was stated the same thing and it was just like a

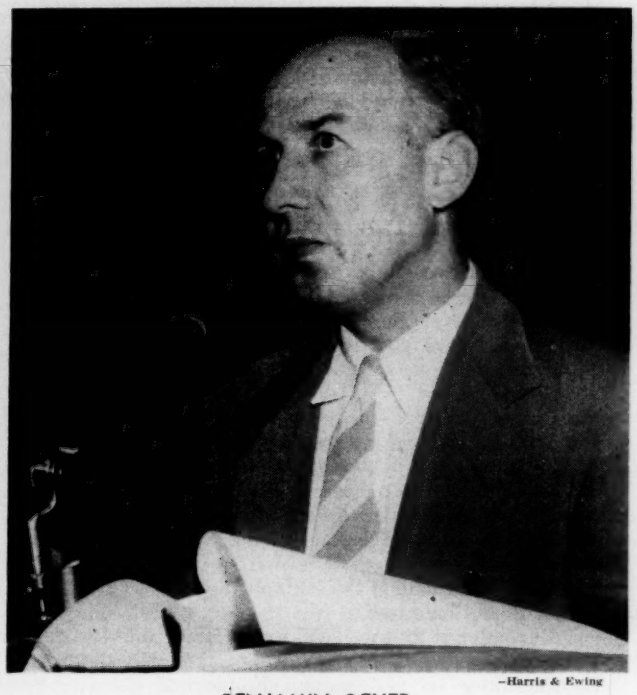
. . . Scher: "I was not given a security hearing"

phonograph record, "RIF, due to lack of funds." All the time. Over and over.

Senator Carlson: I have not had time to go into this. I did check a little and there are indications that at least the board feels they heard you, regarding this particular RIF notice, on four separate occasions. I am not certain as to the details of it.

On August 30, the second day of the Subcommittee's hearings, a former Commerce Department employe, Benjamin Scher, took the stand.

Mr. Scher testified that he was born in Russia in 1908, became a naturalized citizen of the U. S. at age 21. He said that he was cleared in a 1948 loyalty investigation by the Commerce Department, but that on April 3, 1953, he was discharged by the Secretary of Commerce. Mr. Scher took his case to the courts, and appealed from a decision by a lower court



—Harris & Ewing

BENJAMIN SCHER
. . . took his case to court

From the transcript of Mr. Scher's testimony:

Mr Scher: Following is a description of the events as they occurred and which led to my dismissal, as well as the steps I had taken in the attempt to clear up the matter:

In late November, 1950, Mr. John C. Green, director of the office of technical services, where I was employed, informed me that Col. Newman Smith, security-control officer for the Department of Commerce, had raised the question of my security status, telling Mr. Green that he was not sure whether he could clear me or not. According to Mr. Green, the security officer knew that I had been previously cleared of loyalty charges, but said that "security" was another matter. Mr. Green had then mentioned that I was engaged in nonsensitive work, but the security officer stated that everybody in the Department had to be cleared. Mr. Green was then asked to talk to me about it.

* * *

Senator Johnston: So under this record that we have here, you have been discharged here with a cloud upon your character?

Mr. Scher: As a citizen of the United States.

Senator Johnston: And I imagine you are one of the cases they probably count in the thousands that they build up?

Mr. Scher: Presumably, although I was fired a month before they were supposed to start counting officially, but I believe I was included anyway. And I was not given a security hearing, in spite of security officer Smith's promise to me and in spite of what he had told newspaper people, saying that the Commerce Department always grants hearings in cases of doubt regarding security.

* * *

Mr. Caldwell [James N. Caldwell, an investigator for the Subcommittee]: In conclusion, let me ask you one more question. Did you or your attorneys, Mr. Lyman and Mr. Young, believe that either Secretary Sawyer [former Commerce Secretary Charles Sawyer] or Secretary Weeks ever had their case like this right before them to read the facts, A, B, C, D and F? I don't believe they did from what you said.

Mr. Scher: I don't believe they did.

Edward R. Dixon was the final witness before the Subcommittee on August 30. From the transcript of his testimony:

Mr. Dixon: My name is Edward R. Dixon. I was discharged from the Government Printing Office in February of 1954, as a result of a divorce proceeding, and I was adjudged to be a security risk.

* * *

Aid for the "Malicious"?

When this Order 10450 [an executive order issued in April, 1953, establishing new criteria for security cases] was promulgated, it was manna from heaven for those who were in a position to hold it over the heads of those that they might "have something on." I do not believe that there was ever a time that the Government aligned itself—consciously or not—with potential blackmailers and extortionists.

This order was heaven-sent for malacious enemies, vicious wives, husbands, acquaintances and lawyers with share-the-wealth agreements. . . .

Let me state here that the Printing Office was entirely familiar with the divorce proceeding and civil suit in 1952—two years before this "security risk" firing occurred. The leave records were subpoenaed and a representative of the accounting division was in attendance during the trial with those records.

* * *

Well, on Jan. 28, 1954, I and the other party were called into the office of Fred Baumann, the acting security officer. [The "other party" was another Printing Office employe who was fired, according to the Dixon testimony, because she was involved in an alienation-of-affections suit brought by Dixon's former wife.] I had known Freddie Baumann for over 20 years, as he had been an apprentice printer and was working as a printer until he was moved up during the war expansion, and finally appointed to that position after several had filled

. . . Dixon: "My career in the Printing Office had ended"

it, and asked to be relieved because of the distastefulness of its duties.

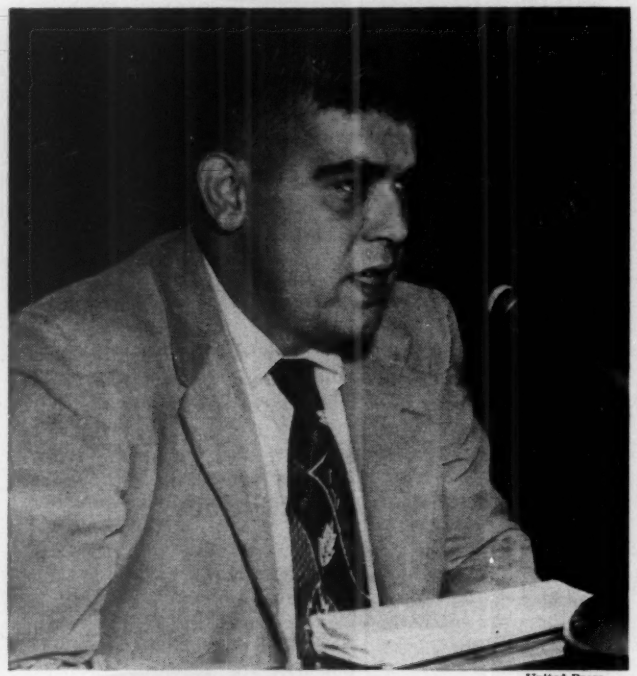
Baumann informed me that Mrs. Dixon's lawyer had written to the office, informing them that there was a judgment against this employe [the "other party" referred to above] for $2,000 and if it was not paid the lawyer would let it be known that the Printing Office was harboring "security risks."

• • •

Baumann informed me, "If you are on the rolls five days hence, we will prefer charges that you are a 'security risk'." I was dumfounded and couldn't realize that he was serious. . . .

• • •

. . . I immediately obtained a lawyer—for $500—to represent us, and the judgment was paid on February 17 and a copy of the satisfied judgment was sent to the Public Printer.



—United Press

JOSEPH H. SUMNERS, JR.
"It was just because of my parents"

Little did I know at the time that this was $2,400 wasted, as the Public Printer had decided then that my career in the Printing Office had ended.

Mr. Dixon testified further that on Feb. 26, 1954, he was suspended from his job; that on the following March 18 his case was heard by a special board; that this board's recommendation, advising that he should be restored to duty, was ignored.

Joseph H. Sumners, Jr., a Navy veteran, was the first witness on August 31. He testified that he went to work at the Naval Air Station at Quonset Point, R. I., on Jan. 11, 1955, as an aviation-metalsmith helper, repairing planes. From his testimony:

Mr. Edens: For what period of time did you continue your work at the Naval Air Station at Quonset Point?

Mr. Sumners: I was working there for a little bit short of seven months.

Mr. Edens: Will you tell us what then occurred?

Mr. Sumners: I was called into the office of Captain Needham and he told me that I was being let go because I was considered a security risk because of my parents.

He told me that my record was clean, that he had nothing against me, but that it was just because of my parents.

Mr. Edens: Did they tell you what was wrong with your parents?

Mr. Sumners: No, they just stated that there was some organization on the Attorney General's subversive list, and they wouldn't tell me. I tried to find out, and they wouldn't give me that information.

Mr. Edens: Did you have any form of hearing before you were discharged?

Mr. Sumners: At the time I was called in the captain's office, they had an informal discussion.

• • •

Mr. Edens: Do you know of any activities on the part of your parents which would be the basis of any such charge? Do you know of any evidence against your parents that would indicate they were disloyal to this country?

Mr. Sumners: No.

Organization? "Yes, Boy Scouts"

Mr. Edens: Have you ever belonged to any organization that was considered to be disloyal to the United States?

Mr. Sumners: No, I never have.

Mr. Edens: Have you ever belonged to any organization of any kind?

Mr. Sumners: Yes.

Mr. Edens: What?

Mr. Sumners: When I was in Boy Scouts.

• • •

Mr. Edens: For the purpose of the record I wish to offer the letter with reference to this particular employe from Albert Pratt, Assistant Secretary of the Navy (Personnel and Reserve Forces).

That was under date of the 12th of August, 1955, and read:

"My dear Chairman:

"Your letter of 29 July 1955 to the Honorable Charles E. Wilson, Secretary of Defense, requesting that the Senate Subcommittee on Government Employees' Security Program be furnished the personnel and security files of Mr. Joseph H. Sumners, Jr., former employee of the U. S. Naval Air Station, Quonset Point, Rhode Island, has been referred to this Office for reply.

• • •

"Security clearance is a pre-requisite qualification for the position occupied by Mr. Sumners. Since Mr. Sumners failed to meet this qualification requirement, his separation was warranted. Accordingly, Mr. Sumners was notified of the circumstances and separated from the Air Station for disqualification on 29 July 1955. The separation was effected during Mr. Sumners' probationary period and was in accordance with Civil Service Regulations and Navy Civilian Personnel Instructions governing such separations.

"In response to similar requests from your Subcommittee for security files, I have indicated our willingness to provide you with copies of the charges and copies of hearing transcripts furnished the individual concerned, with his consent. However, I am unable to furnish such material in this instance, since formal charges under the Security Program were not issued to Mr. Sumners, nor was a formal hearing

. . . Mrs. Sumners: "I belonged to the Progressive Party in 1948"

conducted. Insofar as your request for Mr. Sumners' personnel file is concerned, I will be glad to furnish to your Subcommittee a copy of documents in Mr. Sumners' personnel file as soon as the file has been processed under procedures used in response to such requests."

Senator Carlson: Did I understand you to state that you were given a hearing before you were dismissed or discharged?

Mr. Sumners: It wasn't actually a hearing. It was more or less of a discussion, just an informal discussion.

"Not Entitled to a Hearing"

Senator Carlson: I think you will find under the Civil Service rules and regulations that a probationary appointee is not entitled to a hearing, but that you were at least given the courtesy of a hearing under the circumstances; in other words, the probationary appointee is just for one year, as I understand it, or until they are placed on the Civil Service rolls, and is just like hiring people until their cases are investigated, and they can be discharged without being given a hearing, but you were at least given an informal hearing.

Mr. Sumners: Yes, but I don't think it was any good because I didn't know anything.

Senator Carlson: You were given a hearing, however.

Mr. Sumners: An informal one.

Senator Carlson: You were working at the Quonset Naval Air Station, which, I understand, was one of our restricted agencies. That is, the agency did sensitive work, and you held a sensitive position, is that correct?

Mr. Sumners: Yes.

Senator Carlson: Were you living with your parents at the time?

Mr. Sumners: Yes.

Senator Carlson: Do you have brothers and sisters?

Mr. Sumners: I have three sisters.

Senator Carlson: In other words, you were living there with your mother and father and three sisters—were they at home?

Mr. Sumners: No, just one sister was at home.

• • •

Senator Carlson: Was it ever mentioned to you that the name "Joseph H. Sumners" and several others were signed to a petition that urged Congress to abolish the House Committee on Un-American Activities?

Mr. Sumners: No, I don't know nothing about that.

Mrs. Pauline Margaret Houghton Sumners, mother of Joseph H. Sumners, Jr., was called to the stand. Extracts from the transcript of her testimony follow:

Mr. Edens: Have you belonged to any organizations that were sympathetic to the Communistic movement in the United States?

Mrs. Sumners: I belonged to the Progressive Party in 1948. That is the only one that I have thought of. I belonged to the International Women's League for Peace and Freedom and the World Affairs Council.

Those are the only organizations that I have belonged to.

Mr. Edens: Are any of those organizations, as far as you know, on the Attorney General's subversive list?

Mrs. Sumners: The list that we looked at did not list them.

Mr. Edens: Your husband taught for how many years in the public schools?

Mrs. Sumners: Twenty-seven years.

Mr. Edens: During those 27 years, was he ever charged from any source with being a Communist or being associated with any Communist activity?

Mrs. Sumners: No, sir, not to my knowledge.

• • •

Senator Carlson: Mrs. Sumners, in view of the previous questions, I just want to ask you one or two, at least. Did you sign the petition to ask Congress to abolish the House Un-American Activities Committee?

Mrs. Sumners: Not that I know of, sir. I don't know of signing anything to that effect.

Senator Carlson: But you may have signed it?

Mrs. Sumners: I don't think so.

Senator Carlson: If the records indicated it is on file in Congress, you would admit that it was your handwriting?

Mrs. Sumners: I know my own signature, but to my knowledge I don't remember ever signing anything to that effect.

Senator Carlson: I think for the record it should be stated that I understand the handwriting was verified and checked.

• • •

Senator Carlson: You have a daughter living in Boston?

Mrs. Sumners: I do have.

Senator Carlson: Was she living at home when she was quite active in Communist Party work?

Mrs. Sumners: I know no Communist Party activity that my daughter was active in. She certainly wasn't doing it during the time she was living at home.

Senator Carlson: Do you know if she sold and personally distributed the Communist *Worker*?

Mrs. Sumners: No, I don't.

Senator Carlson: Do you know whether she was active in the Massachusetts Council on American-Soviet Friendship, an affiliate of the National Council of Soviet Friendship, the American Peace Crusade, the Massachusetts Women for Peace and the Civil Rights Congress?

Mrs. Sumners: I do not know, sir.

Statement by Senator Johnston

After Mrs. Sumners's testimony, the Subcommittee recessed. Upon resuming the hearings, Senator Johnston issued the following statement:

Senator Johnston: In the hearing this morning, two inescapable conclusions developed in the case of Joseph H. Sumners, Jr., dismissed by the Navy as a security risk from a probationary appointment at Quonset Point, Rhode Island:

1. There is the refusal by the Secretary of Defense, Charles Wilson, after formal request by this Subcommittee, to disclose any information in the files of the Navy Department although he expressed his desire to co-operate.

2. Senator Frank Carlson, Republican of Kansas, member of the Subcommittee, in the course of examination of Mr. Sumners, produced alleged information concerning the young man's mother, father and a sister and their activities in certain organizations. One item concerned the signature of the mother on a Progressive Party petition circulated in 1948. Senator Carlson admitted to newsmen that part of this alleged information came from public sources.

It is therefore quite apparent to me that necessary information needed in the investigation of this case was withheld from me and the investigative staff of this Subcommittee. And that this vital information was furnished only to the minority member of this Subcommittee.

[Senator Carlson later told reporters that he had not had access to official files denied to the Subcommittee, but had obtained the information for his questions "by some digging."]

(Continued on next page)

. . . Mrs. Campbell: "Clearance does not take away the stigma"

Mrs. Beatrice Murphy Campbell, a Veterans' Administration employe, next took the stand. She told the Subcommittee that she had been suspended from her job in November, 1954, on a charge that she had been a member of the Washington Bookshop Association, an organization that had been cited as subversive by the U. S. Attorney General.

Mrs. Campbell testified that she had never actually joined the Washington Bookshop Association. In April, 1955, she was reinstated in her job at the Veterans' Administration. From the transcript of her testimony:

Mrs. Campbell: I entered the Government in November, 1942, as a stenographer.

On Oct. 4, 1954, I was seated at the desk in my office when my division chief came in and told me that I was wanted on the eleventh floor to see a Mr. Malone. Neither of us knew Mr. Malone or his position with the Veterans' Administration, so we looked him up in the telephone book and it said "investigator," and my division chief made some teasing remark to me about being investigated.

I went upstairs and talked with Mr. Malone. A stenographer was present at this interview. I was not told that I could have a copy of the transcribed notes. When I had a chance later to read them, I made a vigorous protest to Mr. Malone because it was not verbatim transcription. So many things I had said had been given an interpretation different from the original that I insisted on numerous changes before I reluctantly signed it as essentially true.

The interview lasted for two hours and consisted of a sort of mental third degree. Mr. Malone would ask, "Have you ever been a member of the Washington Bookshop Association," and I would answer, "No." And then he would say, "Go home and look for a membership card," and I would have to remind him that since there was no membership, there could be no membership card. I found later that Mr. Malone had managed to phrase the same essential question in over 160 different ways.

* * *

I went downstairs and told my immediate supervisor and my division chief of the interview and they both told me that the charge was so slight nothing could possibly come of it and to forget all about it. I heard nothing more until my suspension, on November 22.

* * *

The evidence on which my suspension was based has never been produced. . . .

* * *

I returned to work on April 2, and later received my personnel action sheet restoring me to duty after a "suspension unjustified and unwarranted in view of the facts in the case."

* * *

The peculiarity of the human mind is such that clearance does not take away the stigma. . . .

* * *

"All Employes Reinvestigated"

Senator Carlson: Mrs. Campbell, you were investigated by the Truman Executive Order 9825, early in your employment in the Veterans' Administration?

Mrs. Campbell: Not early in my employment. I understand it was done in '50.

Senator Carlson: But you were investigated through that order?

Mrs. Campbell: Yes.

Senator Carlson: And then later you were reinvestigated through what you called the Eisenhower Executive Order 10450.

Mrs. Campbell: If you call the October 4 meeting an investigation, yes.

Senator Carlson: Well, wasn't that true of all federal employes, that they were all reinvestigated under the Executive Order 10450, although they had been investigated previously in Executive Order 9825?

Mrs. Campbell: I am very sorry, I cannot answer that question. . . .

* * *

Senator Carlson: . . . I believe in your statement you did state that in 1949, you did sign a document, that you did join the Bookshop in 1940, with Miss X, in order to take advantage of the discounts?

Mrs. Campbell: That is right.

Senator Carlson: That is all.

The Chasanow Case

Abraham Chasanow, a Navy Department official, was the final witness before the Subcommittee on August 31.

Mr. Chasanow, an employe of the Navy Department's Hydrographic Office for 22 years, testified that he was suspended without pay on July 29, 1953, on charges of associating with Communists. He stated that he was cleared by a security hearing board decision of Oct. 15, 1953, but that he remained suspended until April 8, 1954.

At that time he was informed that the Navy Department security appeal board had reviewed his case and reversed the decision of the security hearing board that had cleared him. He was told that he was fired.

Mr. Chasanow continued his story. From the transcript of his testimony:

Mr. Chasanow: I met with my attorney the next day [April 9, 1954]. We immediately started preparing a petition for reconsideration by the Assistant Secretary of the Navy for Air [James H. Smith, Jr.], which was submitted a few days later. At the same time, we decided to follow President Eisenhower's advice, announced in the press a few days earlier, about fighting injustice through the "court of public opinion."

I think the most difficult decision I ever made in my life was to release the entire story to the press. It meant publicizing scurrilous and untrue charges which some people are always ready to believe. It meant placing my wife and children in the public eye. It meant publishing the names of people with whom I was accused of associating, who might well be the victims of false accusations. It meant going through another ordeal. However, we were determined to fight the unjust dismissal regardless of cost, or hardship, or other considerations.

My attorney called a press conference at which we held back nothing. A full disclosure was made of the charges and all subsequent records and proceedings. We had hoped for some public indignation and support, but were amazed at the amount of publicity the case received. The telephone calls and letters started pouring in, all of them in practically the same vein—such injustice cannot be permitted in this country. Not only individuals, but several national organizations and members of Congress rallied to our support. We received copies of innumerable newspaper articles and editorials published all over the world. The response was immensely heartening.

Shortly thereafter we were advised that the Assistant Secretary of the Navy for Air would hold a hearing on May

. . . Chasanow: "I cannot portray what being suspended does"

3 on the petition for reconsideration. The hearing was attended by the Assistant Secretary of the Navy for Air, the General Counsel of the Navy, the Judge Advocate General of the Navy, my attorney, Mrs. Chasanow, myself and others whom I do not recall. No witnesses were heard, as the hearing was limited to a discussion of the petition by my attorney and a few questions asked of me.

The following day the Assistant Secretary of the Navy for Air ordered a new hearing by a special security hearing board. That hearing was held on June 21 and 22, 1954. At the hearing we presented additional witnesses and affidavits—which now totaled more than 100. We had requested the presence of any witnesses against me, but none appeared.

On Aug. 31, 1954—a year ago today—the Assistant Secretary of the Navy for Air called and asked if I could be present at a press conference which he had called for 10 o'clock the next morning, at which he was going to announce my clearance and reinstatement. I'm not ashamed to admit that the tears which had been stored within me for 13 months finally poured out.

On Sept. 1, 1954, we met with the press in the office of the Assistant Secretary of Navy for Air. I will never forget the press release he read, which he had insisted on writing personally, in which he quoted the findings of the second hearing board that the pattern of my life "portrays an above average loyal American citizen,"—

Mr. Edens: That was Secretary Smith . . .?

Mr. Chasanow: Yes, sir.

(continuing)—in which he acknowledged the "grave injustice done to Mr. Chasanow," and which ordered that I be restored to duty at once.

One swallow does not make summer, nor does one such experience qualify me as an expert on security matters. To the contrary, I now realize how ignorant I was about the security program and its many facets. All I can attempt to tell this Committee is how my experience affected me, how I feel about the security program, and what recommendations I would add to the many which have already been made.

Insofar as the effect of such experience is concerned, I'm afraid I cannot adequately portray what being suspended or fired as a security risk does to a person and his family. My description of the experience as a nightmare is an understatement. My wife and I each lost almost 10 pounds the first few days after I was suspended. I don't know how much more weight we lost after I was fired. We didn't have a single good night's sleep in the 13 months between my suspension and reinstatement. I am sure 13 months in prison, or in solitary confinement, would not have been as difficult to live through. I was afraid it would ruin our children's lives and futures. I was afraid to associate with others, for fear that they would in turn be branded as security risks through their association with me. I knew that the public considered the term "security risk" synonymous with "traitor." I also knew that I had never done anything which could remotely justify the charge that I was a "security risk," even in its narrowest sense.

* * *

The security program has, unfortunately, served in many cases as an open invitation to malicious accusers and vicious gossips to do harm to anyone they may dislike, without fear of punishment.

* * *

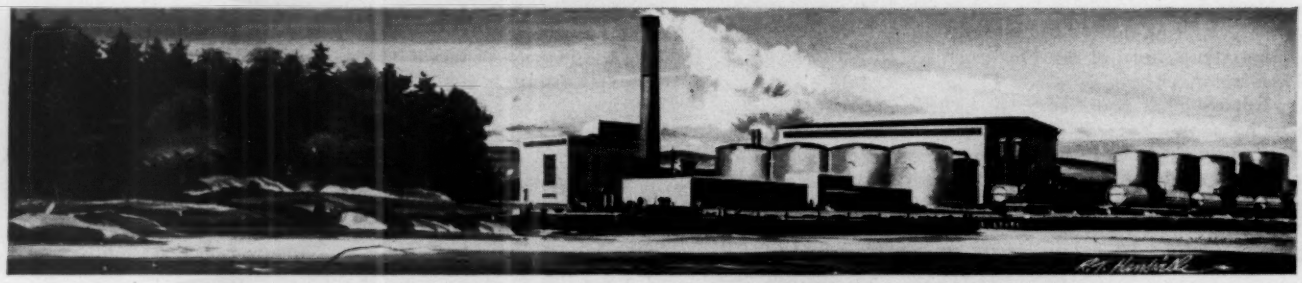
Upon completion of Mr. Chasanow's testimony, Senator Johnston announced that this ended one phase of the Subcommittee's investigation into the personnel-security program.

—USN&WR Photo

SENATE CIVIL SERVICE SUBCOMMITTEE HEARS TESTIMONY ON THE SECURITY PROGRAM

The city

that started to grow



a million years ago

First it was a storm-tossed inland sea, ringed with salt marshes.

Then, as the misty veil of creation lifted and the sun blazed down hot, the waters began to evaporate, until eventually only a deep layer of barren salt was left.

Gradually the wind and the water brought soil to cover it—soil that in time became rock. Then, above it all, the forests grew. Men came. And, because the trees were straight and strong and tall, lumber mills with their screaming saws were built, and the men who ran them built their homes and settled there.

The trees thinned, and the saws no longer whined. But a town was there. They had named it Montague. It was on the shore of a shining lake, ringed with forests regrown; vacationers came to stay through the sunlit summer days.

And deep down, the salt of a million years past lay hidden.

That was Montague, Michigan, when Hooker engineers discovered it. They were looking for a site for a new plant that would convert the salt of the earth into chlorine and caustic soda and their myriad by-products. They were seeking a spot near the source of their raw material—salt—and which would be convenient to all those Midwest plants whose products depend upon the chemicals that come from salt.

They selected Montague. Its harbor would admit lake tankers. A railroad was there. Plentiful electric power was available. And wells drilled 3,000 feet into the Michigan earth would tap an almost unlimited supply of salt. A new midwestern Hooker plant took shape.

Other plants are coming—plants that will make other useful chemicals from Hooker chemicals.

Montague is well under way toward becoming a thriving chemical center—its products, and the speed with which they can be secured, already easing the problems of many midwestern chemical users.

1905—Half a Century of Chemicals

From the Salt of the Earth—1955

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HOOKER CHEMICALS

5-1741

Business Around the World

ROME • BONN • OTTAWA • CANBERRA • LONDON

›› The boom has hit Italy, too. Here is the report from Rome:

Italy has never seen anything to match its present prosperity.

For a country often called impoverished, backward.....

Autos in use have more than doubled in number since 1950.

Motor scooters, motorcycles are six times as numerous.

Savings-bank deposits have doubled since 1950. Retail sales have tripled.

Electric-power use in industry and in homes is up 60 per cent.

Luxury spending--on movies, theaters, sports events, vacation resorts, legalized betting on the races--has shot up by 75 per cent or more.

This is the record of the last five years. Spending in 1955 is continuing at a fast clip, with auto sales up 15 per cent in first half of this year.

›› Sharpest gains are being registered in Italy's poverty-stricken South, where both U.S. and Italy have poured in millions for aid and development.

South's gains--from a very low base--show a 44 per cent jump in electric-power use in 1954, with radio sales up 16 per cent, auto sales up 43 per cent, tractor sales up 36 per cent. Southern Italy is taking on a new look.

›› Italian living costs are up, but so are incomes for industrial workers, farmers, white-collar people. Real wages for industrial workers rose 3.5 per cent last year. This year, Government employes are getting a raise.

Gross value of Italy's output of goods and services continues to rise at rate of 5 per cent a year, well above the 3 per cent usually thought very good.

There's one dark spot, a chronic one. Italy still has 2 million without jobs, another 2 million on part time. The boom hasn't solved this problem.

But Italians with jobs are better off today than they ever have been.

›› As manufacturers' order books fill up in Europe.....

Workers in West Germany, as in Britain, see a chance to cash in on booming business, full employment. They're asking higher wages, 40-hour week. Wildcat strikes show the mood. Steelworkers, it's assumed, will settle for a raise of 8 per cent. Government workers, joining the parade, demand 20 per cent more.

Bonn's worry is that wage boosts may cut into German export advantages.

›› Steel shows the power of the 1955 boom outside as well as inside U.S.

West German steel output is headed for a new peak, may top Britain's.

British steel production, at that, is running at a record pace.

Canadian steel is sharing the excitement, giving Canada a new record.

Steel allocation is in the offing in Canada, on a voluntary industry basis.

(over)

Mills are now sold out for remainder of '55, and '56 orders are pouring in.

Steel quotas are already in effect in West Germany for wire rod. Prices are under pressure, with rising costs likely for wages, coal and iron ore.

>> Spending boom has the Australian government nervous, but reluctant to take drastic action. In Canberra, a stopgap budget is counted on to prevent further inflation. The new budget calls for a modest surplus, no tax cuts.

More Government action may be necessary, in view of declining income from exports, tightness of foreign exchange, failure of wool prices to move up.

As a result: A big London loan, or even devaluation of Australia's pound, would not surprise businessmen in Melbourne and Sydney.

>> In Tokyo, the boom is lifting Japan's shipbuilding industry to third place in the world, right after Britain and West Germany. Orders in hand total nearly a million tons of shipping worth about 200 million dollars. Two thirds of these orders are from outside Japan, and they're coming in at an accelerating rate.

A year ago Japan's shipbuilders feared they were going broke. Not today.

Only cloud in sight now is the possibility of higher steel prices.

>> Canada's big wheat crop is not being regarded with any particular affection in either Ottawa or Washington. It puts a strain on U.S.-Canadian relations.

As it is, Canada is losing ground to U.S., Australia, Argentina in race for wheat outlets. Canada's share had been 40 per cent of exports by wheat's "Big Four" in 1953-54, but dropped to 33 per cent in the 1954-55 marketing year.

U.S. "giveaway" program will now come in for sharp criticism in Canada. U.S. probably will be asked by Ottawa to use more restraint in surplus sales.

Canada's alternative, under discussion in Ottawa, is more aggressive sales policy, maybe some price cutting. Trouble is U.S. can also play that game.

All that's sure now is that wheat will be Topic No. 1 when Canadian and U.S. officials meet at Ottawa September 26 to review economic relations.

>> Britain's airlines are losing a chance to step up profits during the boom, because of a plane shortage. U.S.-built planes are having to serve as backbone of British lines on the transatlantic runs. British-built planes are not yet available in sufficient numbers, and won't be for at least 18 months more.

To give you a quick look at British aircraft production.....

Viscount, the turboprop plane in use in U.S., is coming off the line at a rate of five or six a month. Britannia, big turboprop for ocean hops, is due to see service late this year, on a small scale. Vickers 1000, another new transport, isn't to be tested until 1956. A new Comet is further off.

British critics ask why a Government outlay of nearly 1.5 billion dollars for development of military and civilian aircraft hasn't produced more planes.

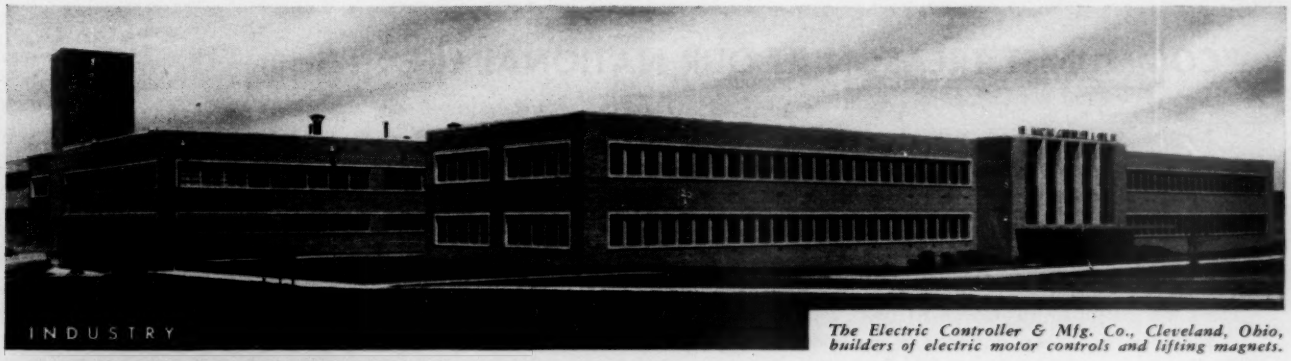
British airlines, impatient, now ask for production, not promises.

>> As London sees U.S. economic policies right now.....

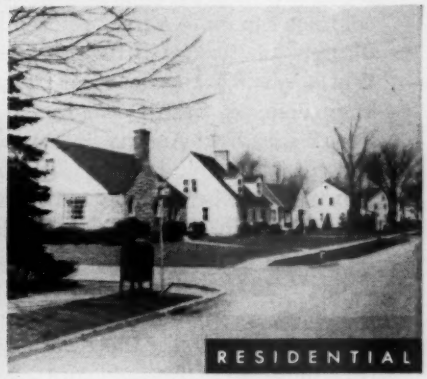
Bicycle-tariff hike appears to conflict with the expanding international trade U.S. talks about. Rejection of British bid for generators at Chief Joseph Dam in U.S. seems to London to undermine free competition U.S. says it favors.

Britain hopes that U.S. still favors more trade, free competition, but is considerably less hopeful about it than it was a couple of weeks ago.

YOUR NEW PLANT WILL GROW IN THE ERIE AREA



The Electric Controller & Mfg. Co., Cleveland, Ohio, builders of electric motor controls and lifting magnets.



What the middle-sized town does for a new plant!

● Looking for a plant site high in natural and economic advantages? Then look into the middle-sized town or suburban sites outside larger cities on the Erie Area as a choice location.

In these towns there is better living for all personnel, an intangible that shows up in the profit and loss statement in better morale, improved production. Many of these areas fit well into the Government's Dispersal program.

The Erie Area covers six states with a variety of advantages to fit the needs of industry. And there is room to grow in the Erie Area.

Your plant will operate in the heart of the nation's largest single market. One-third of America's people live and work and buy here. Raw materials, production and markets are close together in the Erie Area.

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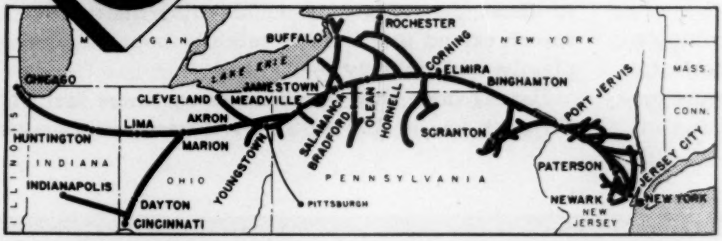


MAIL COUPON TODAY

D. M. LYNN, Assistant Vice President
Industrial Development, Room 522-C, Erie Railroad,
Midland Building, Cleveland 15, Ohio

Dear Sir: Please furnish us, in strict confidence, additional information about the plant sites described above.

Name _____

Title _____ *Company* _____

Address _____

City _____ *Zone* ____ *State* _____

Neither these millions nor I have patience any longer with those whose complacency excuses our Government's failures as wholly unavoidable.

Neither these millions nor I can understand a politician who one week makes jokes about this menace, and another week—after public reaction has dampened his humor—promises to offer a serious solution.

Perhaps my deep concern is sharpened by personal experience and personal knowledge. I know what fifth columns can do to a free nation. I know the awful effectiveness of Fascist fifth columns before and during World War II. I know what Communist fifth columns have done in East Germany, in Poland, in Czechoslovakia, in East Austria, in Rumania, in Hungary and Bulgaria. At first hand I saw some of these nations struggling desperately to maintain their independence of the Kremlin. The name of Cardinal Mindszenty symbolizes all those gallant men and women who led that struggle and the bitter fate which overtook them.

I know how close these fifth columns came in post war years, to forcing their way to power in some countries of Western Europe. And I know personally what alertness was required—both in our wartime operations and in our NATO planning—to guard against espionage. I learned that national secrets and national security can be guarded, and that there are ways to defeat the cleverest of spies—whether Nazi or Communist.

At a critical moment in World War II, we induced the Nazis to hold an entire Army in reserve in the Calais area to meet an attack that they thought was coming but which we never intended to launch. Measures to deceive them worked so effectively that they estimated our original strength in Europe at 75 divisions instead of the actual 36. In the entire American record in Europe there is no single instance where the enemy gained essential information of our plans through the medium of spies or subversive agents.

Now, my fellow Americans, we must do more than recognize a menace in order to defeat it. When a free country frankly faces this menace, what should it do—and what should it not do?

As a people we must be wise enough to know this principle: Freedom must defend itself with courage, with care, with force and with fairness. Failing to remember this principle, freedom, in destroying its mortal enemy, could destroy itself.

Freedom is not only a precious but also a complex privilege. It is the most generous way of life known to man. It is a way of life that permits and encourages far-ranging differences of opinion, infinite varieties of sentiment and attitude. It places its faith in the ultimate ability of the people to think clearly, to choose wisely, to act firmly and compassionately.

The most awful poverty for people in this way of life would be a poverty of ideas. Their food for thought must never be rationed, nor their diet dictated either by an intellectual elite or by a Government which presumes to act as censor.

We can win nothing by trying to make everyone think and act alike. Such a course would deaden the lively spirit of freedom itself. We would have nothing left to defend if we allowed ourselves to be swept into any spirit of violent vigilantism.

To defend freedom, in short, is—first of all—to respect freedom. That respect demands another, quite simple kind of respect—respect for the integrity of fellow citizens who enjoy their right to disagree. The right to question or challenge a man's judgment carries with it no automatic right to question his honor.

Armed with a clear and uncompromising respect for freedom, how then shall we defend it?

To begin with: All of us—citizens, jurists, officials—must remember that the Bill of Rights contains no grant of privilege for a group of people to join together to destroy the Bill of Rights. A group—like the Communist conspiracy—dedicated to the ultimate destruction of all civil liberties cannot be allowed to claim civil liberties as its privileged sanctuary from which to carry on subversion of the Government.

At the same time we have the right to call a spade a spade. That means, in every proved case, the right to call a Red a Red. The time is past when we can hide our heads in the sands of stubborn ignorance or spend our days in the leisurely indulgence of abstract argument.

As we clear our own minds, we can go on letting others speak theirs. Our system entitles every political voice to be heard—but let each voice be named and counted. Let every political medicine be offered in freedom's market place, but let it be plainly labeled—especially if it is poison. Let every person or organization distributing political literature through the mails be made to disclose its source of funds and its membership. Let every organization affecting our political life be compelled to make public its finances, membership and affiliations. In short, let us use every legal resource to insure that all groups which enjoy the right to free speech extend that right to talking about themselves—plainly and publicly.

Having done this, let us make one more fact plain: To work for the United States Government is a privi-

lege, not a right. And it is the prerogative of the Government to set the strictest test upon the loyalty and the patriotism of those entrusted with our nation's safety.

Every official of Government must bear clear responsibility for the loyalty and fitness of his own immediate subordinates. And every official of the Federal Government—on every level—must ever be ready to answer any question from appropriate sources touching upon his loyalty and devotion to the United States of America.

If we add candor to our fidelity to freedom's principles, I sincerely believe our attack on the Communist threat will be well under way. I am confident that a new Administration—but only a completely new one—can organize and press this attack successfully.

I do not suggest that the battle plan can be simple or easy. Wars that involve ideas and rights and principles are far more difficult to wage than those that are concerned only with material values. Such a conflict calls not only for the devotion of all our citizens, but for the special contributions of our spiritual leaders, of our educators, our writers, our journalists, our lawyers, our poets.

In this kind of war there is a special value in allies. Exchange of information among friendly governments is an important weapon against Communists and the doctrine they preach.

Because I can claim the chiefs of those allied governments as my personal friends, I know we can count in this vital matter on help from all NATO nations of Western and Southern Europe. I know we can count also on Western Germany, whose Chancellor, Konrad Adenauer, is my good friend. I number among the exile countries held captive by the Kremlin many friends who are ready to help.

But above all there is needed firm and determined leadership. The climate of our Federal Government must be one that Communists and their sympathizers would find not only uncongenial but thoroughly hostile.

I am confident that millions of Americans of both parties will, in this autumn of 1952, demand—with the fervor of an aroused people—the appointment of new guardians of our country's security.

We have all had enough, I believe, of those whose thinking is still haunted by past illusions, those who are prisoners of their own fuzzy thinking and their own mistakes.

We have all had enough, I believe, of those who have sneered at the warnings of men trying to drive Communists from high places—but who themselves have never had the sense or the stamina to take after the Communists themselves.

We have all had enough, I believe, of men who seem to feel that freedom can do nothing but fret and whine as it watches its own slow, sure death.

The future of this country belongs to more courageous men.

It belongs to men who know that freedom's fight must be forever relentless, uncompromising and fair.

It belongs to men who—today—are ready to bear spiritual and intellectual arms against an alien army of Communist ideas.

It belongs to men who—tomorrow—will be ready to press their counterattack into the enemy's darkest haunts—the dark areas of poverty, intolerance, prejudice, social injustice.

The future belongs to men who know—in their hearts and minds, their souls and very bones—that freedom can be strong.

Such men America has in abundance—let her call them to her service.

(Editor's note: *The foregoing speech by Mr. Eisenhower at Milwaukee, Wis., on October 3, 1952, is reprinted in full text here because it is a reminder of the fundamental points about the Communist menace in America.*

Mr. Eisenhower's declarations at Milwaukee are as pertinent now as if they were spoken this week, except that the present Administration has since been given the opportunity—and has demonstrated courageously what can be done—to clean out the Communist influence in our national life.

Mr. Eisenhower in this address thrice uses the word, "treason." He underlines the treasonable activities which some naïve Americans in positions of influence in our national life have attempted to minimize.

In recent weeks "The Fund for the Republic," with 15 million dollars at its disposal from the Ford Foundation, has begun a one-sided campaign to discredit the Government's investigation of Communists and security risks. Its first report reveals a marked tendency to disparage the Government security program.

It is well, therefore, to recall Mr. Eisenhower's pronouncement that "it is the prerogative of the Government to set the strictest test upon the loyalty and the patriotism of those entrusted with our nation's safety." The speech makes it clear that the Bill of Rights was never intended to protect conspirators against the Government.

The American people should read and re-read the Dwight Eisenhower creed of October 3, 1952.

—David Lawrence, Editor)

"COMMUNIST TREASON IN OUR NATIONAL LIFE"

By Dwight D. Eisenhower

Milwaukee, Wis.,
October 3, 1952

I have come to Milwaukee tonight to talk with you about Communism and freedom.

These two plain words—we all know—bespeak two distinct worlds. They signify two titanic ideas, two ways of life, two totally irreconcilable beliefs in the nature and destiny of man.

The one—freedom—knows man as a creature of God, blessed with a free and individual destiny, governed by eternal moral and natural laws. The second—Communism—claims man to be an animal creature of the state, curses him for his stubborn instinct for independence, governs with a tyranny that makes its subjects wither away.

These two ideas are as opposed as danger is to safety, as sickness is to health, as weakness to strength, as darkness to light.

Great truths can, at times, be startlingly simple. This one is of that kind. It is so simple a truth that it seems almost too obvious, almost stale.

But let not our memories be too short. Only a few years have passed since many moved among us who argued cunningly against this plain truth. Their speech was persuasive, and their vocabulary clever. Remember? It went like this: "After all, while we stand for political democracy, they stand for economic democracy. Fundamentally, these are but two slightly different roads to the same goal. We both believe in freedom."

We all must remember that sophisticated lie. We will never forget it. For it partly poisoned two whole decades of our national life. It insinuated itself into our schools, our public forums, some of our news channels, some of our labor unions, and—most terrifyingly—into our Government itself.

What did this penetration into Government mean? It meant contamination in some degree of virtually every department, every agency, every bureau, every section of our Government. It meant a Government by men whose very brains were confused by the opiate of this deceit. These men were advisers in a foreign policy that—on one side of the world—weakly bowed before the triumph in China of Communists hailed as "agrarian reformers." On the other side of the world this policy condoned the surrender of whole nations to an implacable enemy whose appetite for conquest sharpened with every victory. This penetration meant a domestic policy whose tone was set by men who sneered and scoffed at warnings of the enemy infiltrating our most secret counsels.

It meant—in its most ugly triumph—treason itself.

These years have, indeed, been a harrowing time in our history. It has been a time of both honest illusion and dishonest betrayal—both terribly costly. It has been a time that should have taught us, with cold finality, the truth about freedom and Communism.

Most of us, young or old, wise or naïve, have learned. An important few have not. They have learned very little—and they admit nothing. They are men about whom there is nothing great except their vanity and their complacency. They are proud prisoners of their own mistakes.

Who are these men?

They are those who cheered the blithe dismissal of the Alger Hiss case as "a red herring." They are those who applauded two weeks ago when an Administration servant grandly declared that Communists in our national life were "not very important" and that we should not waste time chasing "phantoms." They are those who slapped their sides with laughter when the same man dismissed the quest for Communists in our government as a kind of silly game being played in the Bureau of Wildlife and Fisheries.

Do you think these fish stories, ghost stories and animal stories are really very amusing? Such comedy touches do little to relieve the tragic knowledge that we have been for years the gullible victims of Communist espionage experts. These experts in treason have plundered us of secrets involving our highest diplomatic decisions, our atomic research. Tragically, we do not know how much more our security may have been jeopardized.

This, I repeat, has been a calamity of immeasurable consequence. It is not irreparable; we are strong enough and wise enough to survive it. But for a disturbed people it is made easier to bear—not by making light of it, but by assuring the people it cannot be repeated. To minimize it is criminal folly.

You can never cure malignant growth just by a hearty bedside manner! I must be blunt, for this is a serious matter. I speak not as a partisan or as a candidate but simply as an American citizen—moved to honest anger by this persistent, gnawing threat of Communist treason in our national life. I know that millions of both parties today are moved to anger and to action.

(Continued on page 142)

Glider somersault

Austria's Alps

1 **"It's pushing your luck** to try an outside loop in a glider. Soaring upside down at 100 feet altitude has even an expert flying on sheer nerve," writes an American friend of Canadian Club. "The sailplane I flew at Zell Am See in Austria was specially braced for acrobatics. But diving earthward at 150 mph, I had my fingers crossed as I held the stick forward at the bottom of the loop.

2 **"'You had me worried,'** said Walter Kolleger, chief of the gliding school, as he lifted the canopy from my glider after I landed. And he showed me why he'd been so nervous at my stunt-flying...

3 **"A cracked-up glider** bore witness to the risks of powerless flight. As I showed the ground crew how easily a crash can occur, I realized it was a miracle the pilot had survived the wreck. If you lose momentum and your glider 'stalls,' you can drop like a stone.

4 **"'Smooth sailing,'** was the toast Herr Kolleger gave me when we called it a day. A fitting toast and a drink to match it—Canadian Club, no less!

5 **"Glider pilots** are an international fraternity. Wherever my fellow bird-men ride the slope winds, I find a real appreciation of Canadian Club."

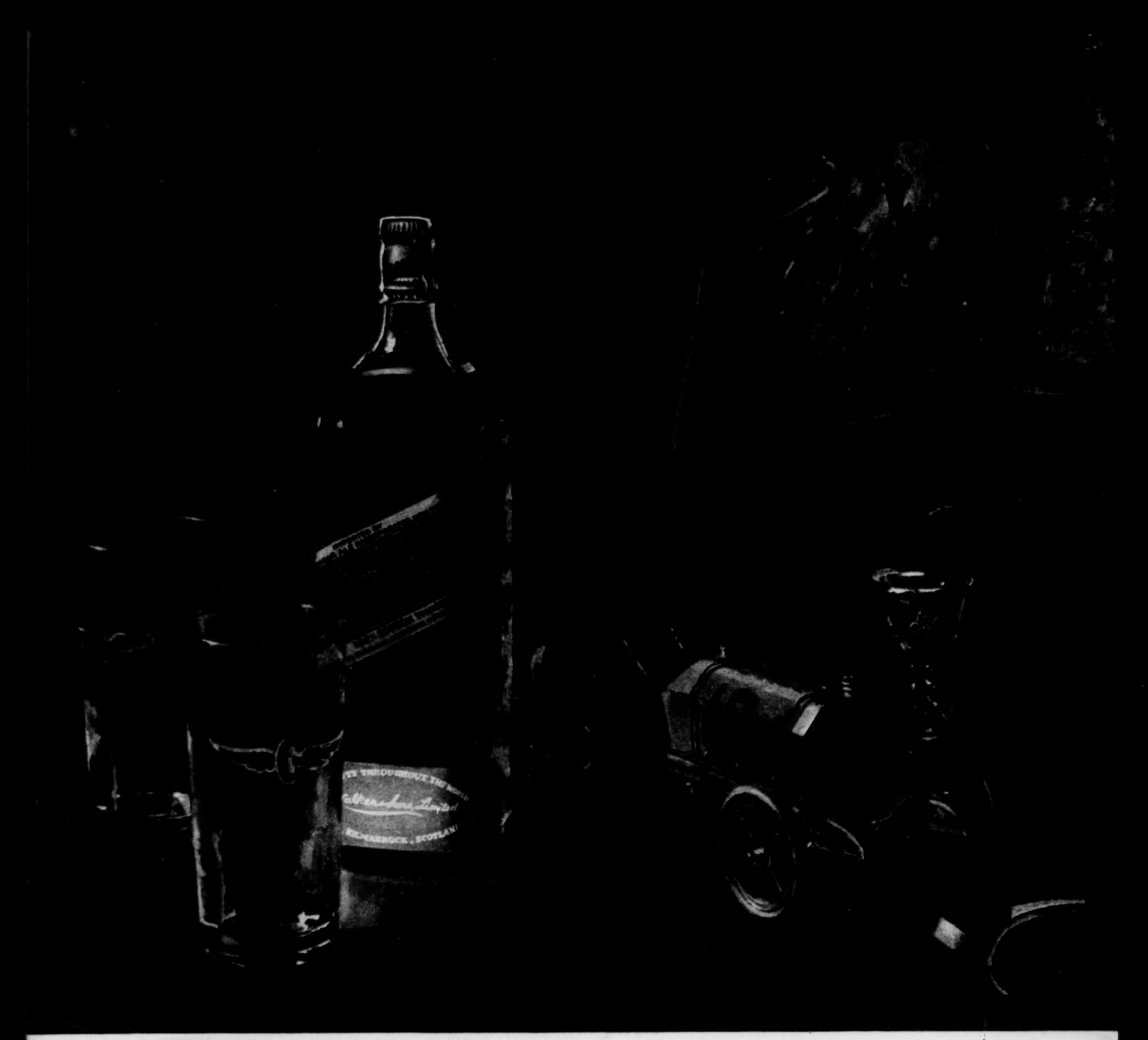
Why this worldwide popularity? Canadian Club is *light* as scotch, *rich* as rye, *satisfying* as bourbon. Yet it has a distinctive flavor that is all its own. You can stay with Canadian Club all evening long . . . in cocktails before dinner, and tall ones after. There is *one* and *only one* Canadian Club, and *no other* whisky tastes quite like it in all the world.

IN 87 LANDS... THE BEST IN THE HOUSE

6 YEARS OLD **"Canadian Club"** 90.4 PROOF

IMPORTED WHISKY · MADE BY HIRAM WALKER

IMPORTED IN BOTTLE FROM CANADA BY HIRAM WALKER IMPORTERS INC., DETROIT, MICH. BLENDED CANADIAN WHISKY.



FROM THE JOHNNIE WALKER COLLECTION

"Champion" by PETER HELCK

The Artist at the Wheel

Peter Helck has put a lot of nostalgia into this painting. There's the model of his beloved "Old 16." Peter owns the actual car—the huge Locomobile racer that won the 1908 Vanderbilt Cup. That's a replica of the Cup next to the car. Highball glasses hail from Indianapolis Speedway.

The classic that completes the picture is, of course, Johnnie Walker Black Label . . . champion among champions. No other Scotch whisky in the world could be more at home among symbols of a great tradition.

JOHNNIE WALKER
Born 1820
still going strong

Blended Scotch Whisky...86.8 Proof. Imported by Canada Dry Ginger Ale, Inc., New York, N. Y.